

1 STATE OF SOUTH CAROLINA IN THE COURT OF
 2 COUNTY OF HAMPTON COMMON PLEAS
 3 RICHARD LIGHTSEY, LEBRIAN :
 4 CLECKLEY, PHILLIP COOPER, :
 5 ET AL., ON BEHALF OF THEMSELVES : CASE NO.
 6 AND ALL OTHERS SIMILARLY : 2017-CP-25-335
 7 SITUATED, :
 8 :
 9 Plaintiffs, : CONFIDENTIAL
 10 : TRANSCRIPT
 11 vs. :
 12 :
 13 SOUTH CAROLINA ELECTRIC & GAS :
 14 COMPANY, A WHOLLY OWNED :
 15 SUBSIDIARY OF SCANA, SCANA :
 16 CORPORATION, AND THE STATE OF :
 17 SOUTH CAROLINA, :
 18 :
 19 Defendants, :
 20 :
 21 SOUTH CAROLINA OFFICE OF :
 22 REGULATORY STAFF, :
 23 :
 24 Intervenor. :
 25 :

(Case Caption Continues on Page 2)

VIDEOTAPED DEPOSITION OF DANIEL MAGNARELLI

DATE TAKEN: Friday, October 12, 2018
 TIME BEGAN: 9:04 a.m.
 TIME ENDED: 12:08 p.m.
 LOCATION: Pietragallo, Gordon, Alfano,
 Bosick & Raspanti, LLP
 One Oxford Centre, 37th Floor
 Pittsburgh, Pennsylvania
 REPORTED BY: Cynthia First, RPR, CRR, CCP
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1 (Case Caption Continued)

2

3 THE PUBLIC SERVICE COMMISSION
4 OF SOUTH CAROLINA
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E

5

6 IN RE: Friends of the Earth and Sierra Club,
7 Complainant/Petitioner vs. South Carolina
Electric & Gas Company,
Defendant/Respondent

8

9 IN RE: Request of the South Carolina Office of
Regulatory Staff for Rate Relief to SCE&G
Rates Pursuant to S.C. Code Ann. § 58-27-920

10

11 IN RE: Joint Application and Petition of South
12 Carolina Electric & Gas Company and
13 Dominion Energy, Incorporated for Review
and Approval of a Proposed Business
Combination between SCANA Corporation and
14 Dominion Energy, Incorporated, as May Be
Required, and for a Prudency Determination
Regarding the Abandonment of the V.C. Summer
Units 2 & 3 Project and Associated Customer
Benefits and Cost Recovery Plans

15

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25 ELIZABETH GREEN, Videographer

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1 THE VIDEOGRAPHER: My name is Elizabeth
2 Green, representing EveryWord, Inc. The date
3 today is October 12, 2018, and the time is
4 approximately 9:04 a.m.

5 This deposition is being held in the
6 office of Pietragallo, Gordon, Alfano, Bosick &
7 Raspanti, LLP, located at One Oxford Centre,
8 38th Floor, Pittsburgh, Pennsylvania 15219.

9 The case caption is as follows: In the
10 Court of Common Pleas for the State of South
11 Carolina, County of Hampton, Case Number
12 2017-CP-25-335, Richard Lightsey, LeBrian
13 Cleckley, Phillip Cooper, et al., on behalf of
14 themselves and all others similarly situated,
15 Plaintiffs, versus South Carolina
16 Electric & Gas Company, a wholly owned
17 subsidiary of SCANA, SCANA Corporation, and the
18 State of South Carolina, Defendants.

19 The name of the witness is Dan Magnarelli.
20 At this time will all attorneys please identify
21 themselves and the parties they represent,
22 after which our court reporter, Cynthia First,
23 of EveryWord, Inc., will swear in the witness
24 and we can proceed.

25 MR. COX: Jim Cox appearing on behalf of

Daniel Magnarelli

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<p>1 the South Carolina Office of Regulatory Staff.</p> <p>2 MR. EVANS: Jerry Evans on behalf of the</p> <p>3 Plaintiff ratepayers.</p> <p>4 MR. PUMPHREY: Brian Pumphrey, McGuire</p> <p>5 Woods, LLP, on behalf of Dominion Energy, Inc.</p> <p>6 MR. BELL: Kevin Bell on behalf of Central</p> <p>7 Electric Power Cooperative.</p> <p>8 MS. NEWTON: Emily Newton,</p> <p>9 King & Spalding, on behalf of SCANA and SCE&G.</p> <p>10 MR. KEEL: Brandon Keel, King & Spalding,</p> <p>11 on behalf of SCANA and SCE&G.</p> <p>12 MR. MURA: Dave Mura, Westinghouse</p> <p>13 Electric Company, LLC.</p> <p>14 MR. RYAN: Thomas Ryan from the Law Firm</p> <p>15 of K&L Gates, representing Westinghouse</p> <p>16 Electric Company, LLC.</p> <p>17 MR. SCHALK: Michael Schalk from the Law</p> <p>18 Firm of K&L Gates, representing Westinghouse.</p> <p>19 MR. COX: I think we're ready for the</p> <p>20 telephone appearances.</p> <p>21 MS. MOODY: Leah Moody, on behalf of SCANA</p> <p>22 and SCE&G.</p> <p>23 MR. NELSON: Jeff Nelson on behalf of the</p> <p>24 Office of Regulatory Staff.</p> <p>25 MS. HODGES: Bryony Hodges, in-house</p>	<p>1 Carolina in a couple of different proceedings. One</p> <p>2 is a state court action involving claims asserted by</p> <p>3 customers of SCE&G against SCE&G and SCANA.</p> <p>4 The other action in which I represent the</p> <p>5 Office of Regulatory Staff is a proceeding before</p> <p>6 the South Carolina Public Service Commission in</p> <p>7 which SCE&G is seeking recovery of costs in</p> <p>8 connection with the V.C. Summer Units 2 and 3</p> <p>9 project.</p> <p>10 We've noticed your deposition to occur in</p> <p>11 all of these proceedings. And before we get into</p> <p>12 your deposition, I'd like to just go over the</p> <p>13 procedure of how a deposition works.</p> <p>14 Have you ever had your deposition taken</p> <p>15 before?</p> <p>16 A No.</p> <p>17 Q You just took an oath. And that's the</p> <p>18 same oath that would apply that you would take and</p> <p>19 that would apply if we were in a courtroom, and it</p> <p>20 carries the same weight and penalty of perjury.</p> <p>21 Do you understand that?</p> <p>22 A Yes.</p> <p>23 Q I'll be asking you questions today, and so</p> <p>24 will other attorneys that represent parties in the</p> <p>25 proceedings. If at any point you don't understand a</p>
Page 9	Page 11
<p>1 counsel for SCANA and SCE&G.</p> <p>2 MR. COX: I think we're ready to swear in</p> <p>3 the witness. Thank you.</p> <p>4 THE NOTARY PUBLIC: Please raise your</p> <p>5 right hand to be sworn. Do you solemnly swear</p> <p>6 the testimony you are about to give shall be</p> <p>7 the truth, the whole truth, and nothing but the</p> <p>8 truth, so help you God?</p> <p>9 MR. MAGNARELLI: I do.</p> <p>10 - - -</p> <p>11 DANIEL MAGNARELLI, being first duly</p> <p>12 sworn, testified as follows:</p> <p>13 - - -</p> <p>14 EXAMINATION</p> <p>15 - - -</p> <p>16 BY MR. COX:</p> <p>17 Q Good morning, Mr. Magnarelli.</p> <p>18 A Good morning.</p> <p>19 Q Could you, for the record, state your full</p> <p>20 name and spell out your last name?</p> <p>21 A Yeah. It's Daniel Lawrence Magnarelli.</p> <p>22 And Magnarelli is spelled M-A-G-N-A-R-E-L-L-I.</p> <p>23 Q Mr. Magnarelli, we met just before your</p> <p>24 deposition began. And my name, again, is Jim Cox.</p> <p>25 I represent the Office of Regulatory Staff in South</p>	<p>1 question I ask, I can try to improve it with your</p> <p>2 help. However, I won't know if you don't understand</p> <p>3 a question if you don't let me know.</p> <p>4 So I would ask you, if you're confused</p> <p>5 about a question or don't believe you understand it,</p> <p>6 if you would let me know, I'll try to work to</p> <p>7 improve it.</p> <p>8 Will you do that?</p> <p>9 A Yes.</p> <p>10 Q We can take breaks when you need. As you</p> <p>11 probably know, we're not planning to be here for the</p> <p>12 full day, but we can take a break whenever you need</p> <p>13 one. Again, we won't know you need a break unless</p> <p>14 you let us know.</p> <p>15 But if, for some reason, you become</p> <p>16 distracted or you need to, for some reason, take a</p> <p>17 short break, let us know and we'll take a break.</p> <p>18 Will you do that?</p> <p>19 A Sure.</p> <p>20 Q I'll be asking you about conversations</p> <p>21 that you had with some of your co-workers on the</p> <p>22 project and other individuals. When I ask about</p> <p>23 conversations, I'm not interested in any</p> <p>24 conversations that you had with any attorneys that</p> <p>25 represent Westinghouse, and I don't need you to tell</p>

Daniel Magnarelli

<p style="text-align: right;">Page 12</p> <p>1 me about those.</p> <p>2 If, for some reason, I ask a question that</p> <p>3 you feel may call for that kind of information --</p> <p>4 and I wouldn't intentionally do it, but I may</p> <p>5 inadvertently do it -- just let me know, and I can</p> <p>6 move on from that question.</p> <p>7 Did you look at any documents to prepare</p> <p>8 for your deposition today?</p> <p>9 A We had looked at whatever the documents</p> <p>10 were that came in that notebook. There were</p> <p>11 probably five or six exhibits. So that's what I</p> <p>12 looked at yesterday.</p> <p>13 Q Can you describe what those documents are?</p> <p>14 A It was mainly the documentation that we</p> <p>15 supplied to the clients every month while we were,</p> <p>16 you know, just basically constructing the project.</p> <p>17 So it would be things like the plan of the day</p> <p>18 meeting and the slide deck for that; it would be the</p> <p>19 project review meeting that was held once a month</p> <p>20 for the client's benefit, and things like that</p> <p>21 where, you know, it's essentially just the reports</p> <p>22 that we had put out for the clients on either a</p> <p>23 daily, weekly, or monthly basis.</p> <p>24 Q And when you say "the clients," are you</p> <p>25 referring to SCE&G?</p>	<p style="text-align: right;">Page 14</p> <p>1 I don't know when Tom started, but I know his</p> <p>2 passing date was, like, April of 2013.</p> <p>3 Q And when did you get on the project?</p> <p>4 A March of 2013.</p> <p>5 Q Just so we're clear, when I say "the</p> <p>6 project," I'm referring to the V.C. Summer Units 2</p> <p>7 and 3 project. Is that the understanding you have,</p> <p>8 as well?</p> <p>9 A Yes.</p> <p>10 Q Who became the project director after</p> <p>11 Mr. Sliva?</p> <p>12 A There was a couple of interim ones. So,</p> <p>13 like, Bill Macecevic was, like, an intern project</p> <p>14 director. Rick Easterling served in that role for a</p> <p>15 little while. Then we had a new project director</p> <p>16 come in, who I believe was Chris Levesque came in</p> <p>17 after -- after Tom Sliva passed. So more of a</p> <p>18 permanent project director rather than an interim.</p> <p>19 Q So did Macecevic and Easterling come in</p> <p>20 between Sliva and Levesque?</p> <p>21 A Right.</p> <p>22 Q And do you know -- do you recall when</p> <p>23 Mr. Levesque became the project manager?</p> <p>24 A I do not. I'm not sure of the date.</p> <p>25 Q And who succeeded, came after</p>
<p style="text-align: right;">Page 13</p> <p>1 A Yes, SCE&G.</p> <p>2 Q Would you also include Santee Cooper as a</p> <p>3 client?</p> <p>4 A Sure, sure; but, you know, I think the way</p> <p>5 it was termed to me was that SCE&G was Santee</p> <p>6 Cooper's agent. So -- so when SCE&G spoke to us,</p> <p>7 they were in fact representing both SCE&G and Santee</p> <p>8 Cooper.</p> <p>9 Q And who gave you that understanding?</p> <p>10 A That was kind of the understanding. We</p> <p>11 had direction from SCANA that way. We had direction</p> <p>12 from our own people at Westinghouse.</p> <p>13 Q Which people at Westinghouse?</p> <p>14 A It would have been the project director.</p> <p>15 Q And who was that?</p> <p>16 A Well, it varied from time to time. So</p> <p>17 there was a number of project directors in my tenure</p> <p>18 there, but the first one was only there a month, and</p> <p>19 he passed away. So we had several.</p> <p>20 Q And who was that project director that</p> <p>21 passed away?</p> <p>22 A That was Tom Sliva.</p> <p>23 Q What time period was he the project</p> <p>24 manager?</p> <p>25 A Project director. He was -- he was in --</p>	<p style="text-align: right;">Page 15</p> <p>1 Mr. Levesque?</p> <p>2 MR. NELSON: We cannot hear the witness'</p> <p>3 answers.</p> <p>4 THE WITNESS: I can speak up.</p> <p>5 MR. RYAN: You should have a mic.</p> <p>6 THE WITNESS: It's right here. I don't</p> <p>7 know if --</p> <p>8 THE VIDEOGRAPHER: I think it's the...</p> <p>9 MR. NELSON: We can hear the questions but</p> <p>10 not the answers.</p> <p>11 THE WITNESS: Okay.</p> <p>12 BY MR. COX:</p> <p>13 Q So, Mr. Magnarelli, who succeeded</p> <p>14 Mr. Levesque as project director?</p> <p>15 A I'm not -- I don't recall if there was one</p> <p>16 in between, but Carl Churchman was the last project</p> <p>17 director before the shutdown.</p> <p>18 Q Do you recall about when he began as</p> <p>19 project director?</p> <p>20 A I don't have the date for that.</p> <p>21 Q Did you report directly to the project</p> <p>22 director --</p> <p>23 A Yes.</p> <p>24 Q -- during your time on the project?</p> <p>25 A I did.</p>

1 Q And what was your duty position on the
2 project?
3 A So my title was Director, Construction
4 Integration for Westinghouse. And in that role, it
5 was essentially to install the major equipment. So
6 it started out as just being technical assistance to
7 the installation of the equipment, and actually
8 rolled over to actually managing the installation
9 when Westinghouse had taken over.
10 So all the primary equipment, reactor
11 vessels, steam generators, pressurizer, reactor
12 cooling piping, that would have fallen under my
13 group for installation. In addition to that, there
14 was other major equipment that Westinghouse was
15 responsible for, like the turbine generator set from
16 Toshiba. So we were on that end too. So we were
17 responsible for the machine set on the turbine
18 generator.
19 Q Can you go back to that point you made
20 about your responsibilities changing at some point?
21 Can you go into a little more detail on how your
22 role changed?
23 A Yeah. When it was originally set up, the
24 consortium basically had -- well, it was Shaw, and
25 then they went to CB&I, but they were the

1 constructor. So Westinghouse would offer the
2 technical guidance, and the constructor would do the
3 installation. That changed for a lot of reasons,
4 but the main reason was they just weren't producing;
5 productivity was extremely poor.
6 So Westinghouse decided to really take on
7 that role themselves. And when we did, I think
8 things increased. Productivity was better. It
9 eliminated a lot of commercial issues between the
10 two companies. So it was a much better -- better
11 road for the project overall.
12 Q Did Westinghouse, at that change, begin to
13 actually do the installation of the equipment?
14 A Yes. So Westinghouse affiliates -- so we
15 hired, like, Carolina Energy Services to do the
16 installation of the primary equipment. And we had
17 subcontractors through them, like Barnhart Rigging,
18 for specialty rigging.
19 So -- and then there were other
20 Westinghouse affiliates, like Turbine Pro, that
21 would have done the installation of the turbine
22 generator set. So we had several Westinghouse
23 affiliates that were actually working for us,
24 Westinghouse, to go do that scope of work.
25 Q Was this a change that occurred at the

1 time of the October 2015 amendment to the EPC
2 contract?
3 A Yeah, that was the primary driver then,
4 yes.
5 Q At the time of that change, what did
6 Fluor's role become on the project?
7 A Fluor -- Fluor took the role of the
8 constructor. So they picked up anything that was
9 left behind through the Shaw/CB&I combination.
10 Fluor essentially picked up that role.
11 Q Let me go into that a little more then.
12 If Fluor took the role of Shaw and CB&I, then what
13 was the role of the Westinghouse affiliates in
14 conjunction?
15 A Yeah. So -- so we gave -- Fluor took the
16 role of Shaw/CB&I, but they didn't take everything.
17 So that primary equipment installation, we held that
18 back simply because we had the folks that really
19 knew how the primary equipment was being installed,
20 and they had much more to offer.
21 We had a number of people who had kind of
22 managed that when they were in China for the first
23 AP1000 plants. And those folks were in our group
24 over here in the U.S. to oversee that work.
25 Q So I'd like to now turn to your background

1 a bit before we talk more about the project.
2 Before you took on your role at the
3 project, can you walk us back through your career at
4 the different positions that you held?
5 A How far back? I could start in 1979 when
6 I actually got out of college. My first job out of
7 college, from an engineering standpoint, was with
8 Stone & Webster in Boston. So I'd grown up in
9 Boston; Stone & Webster was the logical choice.
10 And then I went to the field for
11 Stone & Webster down in North Anna, and then
12 Millstone III, in new construction.
13 And then I wanted a little more stability,
14 so I joined Yankee Atomic. And we had four
15 operating plants and one plant under construction.
16 That was Seabrook. So -- so I did that for quite a
17 while.
18 And then we were sold to Duke
19 Engineering & Services. And then we were sold again
20 to AREVA -- well, Framatome at the time, but AREVA.
21 So then I ended up working for AREVA, and under --
22 for my position in AREVA, it was essentially Vice
23 President, Construction and Commissioning for U.S.
24 Q And did you go from that position to
25 Westinghouse?

1 A Yes.

2 Q And that was in March 2013?

3 A Correct.

4 Q The work that you were doing for AREVA,

5 was it the same type of work you did on the project?

6 A At the end, yeah. It was essentially

7 trying to market the AREVA plant, new plant, which

8 is an EPR 1,600-megawatt reactor. Unfortunately,

9 it's not -- it's really not suitable for sale in the

10 U.S., you know, logically and like that. So -- so

11 we never did sell one here.

12 So when I wanted to pursue my career

13 further and actually build another new plant,

14 Westinghouse was really the only option in the

15 United States.

16 Q Who hired you?

17 A Tom Sliva.

18 Q And did he tell you anything about the

19 reasons he was hiring you to work on the project?

20 A We had worked together at AREVA, so we

21 kind of knew of each other. And it was mainly for

22 the planning work that we had done for the AREVA EPR

23 that he wanted to bring that same type of effort

24 onboard for the Westinghouse AP1000.

25 So one other function that we did serve

1 while we were there at the AP1000 was that I also

2 had a group that was responsible for construction

3 planning. So it was about a hundred-person group

4 that essentially prepped the work packages and did

5 the lookaheads for construction planning.

6 That was taken with some -- well, let's

7 just say that the full effects of that group were

8 never really -- the benefits really weren't fully

9 realized. But anyways, they did do quite a bit to

10 streamline the processes.

11 Q Was that a change when you came to the

12 project?

13 A Yes, yes. That's why Tom -- one of the

14 reasons Tom hired me.

15 Q So was your position a new position at the

16 project?

17 A Yes.

18 Q Did Tom tell you that he was unhappy with

19 the progress that was being made on construction at

20 the project?

21 A He had concerns, yes.

22 Q Did he describe to you what his concerns

23 were about?

24 A Well, he described a lot of things, but --

25 but I think it was just the overall approach to the

1 project. The consortium -- for whatever reason, the

2 contract structure was such that you had divergent

3 goals, I think. You know, the constructor was

4 looking in terms of maximizing profit. The

5 Westinghouse company was looking at, you know, the

6 technological breakthrough to get an AP1000 on line.

7 So I think the goals might have been a little

8 divergent.

9 There were a lot of commercial issues

10 between the two companies. So he thought that by

11 really offering a streamlined approach to the

12 planning, that maybe we could bring both groups

13 together and, you know, improve productivity.

14 Q Did he describe any concerns with the

15 oversight that the clients were -- SCE&G were

16 exercising over the project when you were hired?

17 A No, there wasn't really any mention of

18 SCE&G, as far as, you know, burdensome or anything

19 like that for oversight of the project. I think

20 SCE&G's manpower situation, from a construction

21 standpoint, I'm not sure of the numbers they had,

22 but it was a pretty small group for a project that

23 size.

24 Q Did you feel, in your time at the project,

25 that the group that SCE&G provided for oversight was

1 insufficient for -- to manage a project of that

2 size?

3 A I can't say that, no. In my mind, SCE&G

4 did what they had to do to manage the project. I

5 can't really speak to the SCE&G side.

6 Q Okay. I think you mentioned that the

7 group that Tom Sliva set up under your control, that

8 it never achieved the impact that you and Tom were

9 hoping; is that correct?

10 A True.

11 MR. SCHALK: Object to form.

12 THE WITNESS: True.

13 BY MR. COX:

14 Q Can you describe why that was?

15 A Well, there were reasons associated with

16 it. The first was trying to get the constructor to

17 actually buy into the process. And, you know, since

18 we were still on both sides of the fence then where,

19 you know, it wasn't under total Westinghouse

20 control -- it was like I said before, we had

21 divergent goals, so the constructor was basically

22 saying, "Hey, we know how to construct things.

23 We're going to handle that. You know, you can't

24 tell us what we should or should not be doing."

25 And in fact, you know, some of that's

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<p>1 true, but for the most part, we needed to come 2 together a little better to be unified as a team 3 going forward. Otherwise, we were going to have the 4 same issues down the road. 5 Q And what -- why didn't that group that was 6 set up to help address those issues, why do you feel 7 it didn't achieve the impact that it -- that it 8 would have liked to have had? 9 A I think it was the commercial issues that 10 got between the two companies. But once it came 11 under Westinghouse control, then -- then I think you 12 saw better results and improvements in productivity. 13 Q Did you have any role in preparing the 14 estimates to complete the project, both with respect 15 to schedule or to cost? 16 A Well, it would be -- the ETC was actually 17 done out of Charlotte. So -- so there was a group 18 there that was set up just to perform that function. 19 We as a project provided input to that ETC group, 20 but, I mean, we were not the primary players in the 21 development of the ETC. 22 Q Who were the players, to your knowledge, 23 who were involved in that? 24 A It would have been the Charlotte office; 25 it would have been the cost estimating group out of</p>	<p>1 Charlotte? 2 A It's the Westinghouse WECTEC office now in 3 Charlotte. 4 Q And before the 2015 amendment to the EPC, 5 was that office staffed by -- 6 A Yeah, it's pretty much -- 7 Q -- Stone & Webster? 8 A -- Stone & Webster, yeah. 9 Q Is there anyone at the project who you 10 felt, from Westinghouse, played the same role that 11 Mr. Elam did on schedule, but did it with cost? 12 MR. SCHALK: Object to form. 13 Go ahead. 14 THE WITNESS: For cost? 15 BY MR. COX: 16 Q Cost estimating. 17 A There were -- there were a lot of people 18 that provided input, so I -- to give you one name, 19 no. The only -- the only name that really comes up 20 is probably Joe Arostegui that would have been at 21 the site that was providing some cost control input. 22 Q And he would have been providing that 23 information to -- was it Karin in -- in Charlotte? 24 A Uh-huh, Karin Stoner's group, whoever she 25 had working for her.</p>
Page 25	Page 27
<p>1 Charlotte. They would have relied on, you know, 2 basically the people working at the site, as well as 3 from a schedule standpoint, they would have relied 4 heavily on the scheduling group at V.C. Summer. 5 Q And who was in that scheduling group? 6 A I believe Terry Elam was actually the head 7 of the scheduling group. 8 Q Do you know who at the project from 9 Westinghouse played a key role in the cost estimate 10 process, if anyone? 11 A The cost estimating people? 12 Q Right. 13 A Well, I'm not sure that, you know, the 14 names. It would have been the project management 15 group out of Charlotte, and then it would have been 16 the cost estimating group out of Charlotte. Those 17 would have been the players. Okay. 18 And in there, there's -- there's a 19 multitude of names. So I'm not sure that one person 20 would be the name. We had people who were 21 theoretically in charge of the ETC that have since 22 left the company; and that would have been like a 23 Karin Stoner would have left the company. 24 Q And when you say "Charlotte," you're 25 referring to the Stone & Webster office in</p>	<p>1 Q And what information did you provide to 2 Terry Elam's group or Joe Arostegui's group to 3 assist in these estimates? 4 A So it would have been the estimate of what 5 it was going to take to finish the job from the 6 standpoint of my group. So that was kind of the 7 estimate we provided. 8 And then we would have in our constant 9 schedule reviews -- I mean, we had a multitude of 10 schedule reviews to lay the baseline out. We would 11 have had input into that, as well, from our group. 12 Q And you provided this information to 13 Mr. Elam and to Mr. Arostegui? 14 A Uh-huh. Yes. Actually, it went -- it 15 went directly to Charlotte, so it would have gone to 16 somebody in Karin Stoner's group. 17 Q What kind of format did you provide this 18 information? 19 A It was a -- it was kind of a template 20 shell that was provided to us to basically fill out 21 so they could have the same format for all the 22 groups. We weren't the only group supplying an 23 estimate obviously. And that template, we filled it 24 out, sent it back up to Charlotte for what they 25 asked for.</p>

1 Q Was that an Excel spreadsheet?

2 A It was -- it was an Excel spreadsheet to

3 some extent, and then it was some narrative and

4 text, as well, to describe the scope.

5 Q Did you ever work on the Primavera

6 scheduling software that Westinghouse used?

7 A No. I reviewed it, but I never -- I'm not

8 a box runner, if that's what you mean.

9 Q When you say you reviewed it, what was

10 your role in looking at that?

11 A Well, it would have been for anything that

12 we were responsible for. We would have looked to

13 make sure that that schedule was sound, that that's

14 exactly how we were going to approach the project.

15 But in addition to that, we would have

16 looked at the prerequisites in that schedule for us

17 to do our work. So say -- say we're trying to

18 install the pressurizer, but we need the floor of

19 the pressurizer cubicle to board before we can

20 install the pressurizer. You know, we would have

21 been looking at all those prerequisites to make sure

22 that none of those were going to hold us up from

23 what we had to do.

24 So we would go through that. We would be

25 reviewing the schedule for those items. And then if

1 there was obstacles or barriers from these

2 prerequisites in getting the work done, you know, we

3 would try and alleviate those and do something that

4 would minimize those impacts.

5 Q Would that be like a mitigation effort?

6 A There were -- yes, there were mitigation

7 efforts, yes.

8 Q Okay. What information would you use to

9 estimate the time periods for being able to take

10 those steps, say, in installing a pressurized

11 reactor?

12 A I'm not sure what you're asking. What are

13 you saying?

14 Q Sure. How would you come up with the

15 estimate on how long something would take?

16 A Oh, the duration of the actual

17 installation?

18 Q Right.

19 A Right. So we would use our affiliates,

20 the people that were actually going to do the work,

21 and we would sit down with them and walk through

22 each step of the process that they had to do to

23 install it, and then the follow-through on it. And

24 we would look at those durations that they would

25 supply us, our affiliates, and we would work through

1 those details and see if we agreed or didn't

2 disagree -- or disagreed with those.

3 So it was kind of a working together to

4 make sure that we had the right schedule going

5 forward.

6 Q In general, were there times when the

7 information provided to you by the contractors that

8 you worked with was incorrect, too optimistic?

9 MR. SCHALK: Form.

10 THE WITNESS: The -- I really can't say

11 that they're too optimistic, because at the

12 time those schedules were developed and

13 reviewed, and at the time those schedules were

14 felt to be the schedule going forward. So I

15 can't really conjecture that they were too

16 optimistic, no.

17 I think, in the long run, we had a lot of

18 productivity issues at the site. So if you

19 could just see where the plan was to get these

20 plants on line and where it was when we ended

21 up shutting down, I mean, we weren't very close

22 to that plan.

23 BY MR. COX:

24 Q To what do you ascribe -- to what do you

25 ascribe the causes of not hitting the productivity

1 that you wanted to reach?

2 A Well, I think -- I think the civil work

3 was underestimated, so we had a lot of issues with

4 civil work. And that should have been probably

5 dealt with early on, but, you know, we had issues

6 with, say, some late engineering. We had civil

7 work, just the constructor itself, on the way the

8 constructor was doing business. So there were just

9 a multitude of issues that really slowed the project

10 down.

11 Q Were there issues with fabrication of

12 modules?

13 A Yes, there were issues with fabrication of

14 modules.

15 Q Can you describe what the issues were

16 there that affected productivity?

17 MR. SCHALK: Form.

18 THE WITNESS: Well, I can't -- I can't

19 talk about the productivity at the fabrication

20 sites, but I can tell you that, you know, the

21 module dates kept slipping.

22 So -- so, you know, there's a reliance on

23 some of those modules to be prerequisites in

24 order for the rest of the building to be built.

25 So those module dates kept sliding to the

<p style="text-align: right;">Page 32</p> <p>1 right. The project was getting delayed due to</p> <p>2 those module suppliers not keeping up with</p> <p>3 demand.</p> <p>4 BY MR. COX:</p> <p>5 Q Do you feel that SCE&G contributed in any</p> <p>6 way to the productivity problems at the site?</p> <p>7 A SCE&G contributing to productivity issues?</p> <p>8 Q Right. To describe it further, do you</p> <p>9 feel that there were steps that SCE&G could have</p> <p>10 taken that could have addressed it, the productivity</p> <p>11 issues, but they didn't take?</p> <p>12 MR. SCHALK: Form.</p> <p>13 THE WITNESS: I -- I can't speak for</p> <p>14 SCE&G, no.</p> <p>15 BY MR. COX:</p> <p>16 Q And why do you feel you can't speak to</p> <p>17 that?</p> <p>18 A Well, I know there were some issues. I</p> <p>19 know there were commercial issues, as well. But I</p> <p>20 can't -- I can't speak to why SCE&G did what they</p> <p>21 did, so...</p> <p>22 Q Did you interact with anyone from SCE&G</p> <p>23 during your time on the project?</p> <p>24 A Yes.</p> <p>25 Q Who did you interact with from SCE&G?</p>	<p style="text-align: right;">Page 34</p> <p>1 on-site. And then in November of 2015, before the</p> <p>2 transition to Westinghouse in January of 2016, we</p> <p>3 went through an effort of laying out the schedule</p> <p>4 again.</p> <p>5 We did have some presence from both</p> <p>6 owners. Southern Nuclear had provided a</p> <p>7 representative, and SCANA actually provided a</p> <p>8 representative for those meetings.</p> <p>9 Q Let's talk about the August 2014 workshop.</p> <p>10 Can you describe what occurred during that workshop?</p> <p>11 A Yes. So we had a schedule. We had some</p> <p>12 constraints in the schedule. We had a number of</p> <p>13 major issues that, you know, were identified as risk</p> <p>14 items.</p> <p>15 So we had a team from the project, and we</p> <p>16 had representatives from SCANA that sat in there and</p> <p>17 tried to work through and develop mitigation</p> <p>18 strategies for the constraints that were in that</p> <p>19 schedule.</p> <p>20 So that was originally supposed to be a</p> <p>21 two-week effort, but I believe it carried on even</p> <p>22 further after that. My recollection is a little</p> <p>23 fuzzy, but I believe it carried on with the smaller</p> <p>24 group after that to develop those mitigation</p> <p>25 strategies even further.</p>
<p style="text-align: right;">Page 33</p> <p>1 A There were a number of people, but it</p> <p>2 would have been the site management group. So you</p> <p>3 would have had the site VP, Ron Jones; you would</p> <p>4 have had the construction manager, Alan Torres; the</p> <p>5 licensing manager, April Rice; the engineering</p> <p>6 manager, Brad Stokes. So it just goes on. So it's</p> <p>7 all essentially the senior management team from</p> <p>8 SCANA on-site.</p> <p>9 Q And what was the nature of your</p> <p>10 interactions? What were you interacting with them</p> <p>11 for?</p> <p>12 A It was kind of a management-to-management</p> <p>13 type arrangement where we would give status. They</p> <p>14 would need some things from us, as far as for their</p> <p>15 informational purposes. We would provide that.</p> <p>16 But -- but what we did is we met with</p> <p>17 those folks on a daily, weekly, and monthly basis</p> <p>18 just to essentially provide the information that</p> <p>19 they needed to know what the status of the project</p> <p>20 was at any given point in time.</p> <p>21 Q Did you have any discussions with SCE&G</p> <p>22 about steps to improve productivity?</p> <p>23 A We had the discussions and</p> <p>24 recommendations. We went through a scheduling</p> <p>25 workshop in August of 2014 with some SCE&G folks up</p>	<p style="text-align: right;">Page 35</p> <p>1 Q When you say "constraint," what do you</p> <p>2 mean?</p> <p>3 A So when you have a schedule, you might put</p> <p>4 in a date like, okay, delivery of module CA20 or</p> <p>5 something like that. Right? And you just nail that</p> <p>6 date in the schedule and you hold it so it can't</p> <p>7 move.</p> <p>8 But when that module is late, that means</p> <p>9 that date is going to shift to the right. But</p> <p>10 before that date happens, you're still holding that</p> <p>11 date, so the schedule doesn't really push out to the</p> <p>12 right. And what you try and do is develop</p> <p>13 mitigation strategies so that they won't move.</p> <p>14 So in the case of, say, CA20, we installed</p> <p>15 half of it in Unit 3, and then brought the other</p> <p>16 half in later just so you can keep working on the</p> <p>17 containment structure.</p> <p>18 Q So the constraint is an effort to keep a</p> <p>19 certain date in the schedule from moving to the</p> <p>20 right?</p> <p>21 A Uh-huh.</p> <p>22 Q And the goal is to come up with strategies</p> <p>23 that will allow that date not to slip to the right?</p> <p>24 A Correct.</p> <p>25 Q In August of 2014, did you feel that the</p>

<p style="text-align: right;">Page 36</p> <p>1 work that the team put together was effective at 2 coming up with mitigation strategies? 3 A It was. I think that that was the first 4 cut at really trying to get into detail on the 5 strategies. So I think it was -- it was a good 6 effort, I think, for -- for what was being 7 considered at the time. 8 What we did after that, in the November 9 time frame of 2015, was essentially carry that even 10 further where there was a lot more detail provided 11 to identify those mitigation strategies. And those 12 then were tracked. 13 And this was all being captured in the 14 schedule, and it was being captured in the risk 15 program that we shared with the owner on a monthly 16 basis. 17 Q Is there a reason the August 2014 workshop 18 wasn't able to get as detailed as the one in 19 November 2015? 20 A Well, it was -- it was detailed up to the 21 point for the information that was known, but there 22 was still a lot of unknowns in August of 2014. 23 So -- so we needed to get a little more detail. 24 And then in November of 2015, a lot of 25 things were known that weren't known prior to that.</p>	<p style="text-align: right;">Page 38</p> <p>1 any issues or if there were any obstacles to 2 accomplishing the mitigation plan. 3 Q And who from Westinghouse would you 4 provide this information to? 5 A So -- so the scheduling piece, obviously, 6 would have gone to Terry Elam, you know, for the 7 scheduling group. But the risk piece originally 8 went to me. But then we had the project controls 9 group manage that risk piece, as well. So that 10 would have gone to a person like Lisa Cazalet. 11 Q And when you say "the risk piece," are you 12 referring to the likelihood that a mitigation 13 strategy would not be effective? 14 A Yes. So you had a risk register that 15 showed what your primary risks were for the project, 16 and then the likelihood that those risks would be 17 eliminated. So you tracked those risks and made 18 sure those mitigation strategies were working. And 19 as you passed that risk period where, you know, the 20 actual risks never materialized, you know, you would 21 essentially remove that from the risk register. 22 If there was some issue, though, where you 23 needed to, you know, amend your mitigation strategy, 24 then you needed to take that action well in advance 25 of the point of no return.</p>
<p style="text-align: right;">Page 37</p> <p>1 So we were able to come up with a better approach to 2 things and better mitigation strategies. 3 Q What was known in November 2015 that 4 allowed you to come up with better strategies? 5 A A lot of the module issues were kind of 6 brought out in 2015. So in 2014, there were a lot 7 of uncertainties. There was commercial negotiations 8 with module suppliers that still had to be done. In 9 2015, there was a clearer picture of where that -- 10 where all that stood. 11 Q And why was there a clearer picture? 12 A Because they were talking to resolve the 13 commercial issues with the suppliers. 14 Q So you're talking there about Westinghouse 15 taking over the role of one of the contractors? 16 A Uh-huh. 17 Q Is that correct? Yes? 18 A Right. 19 Q Who were you providing information to for 20 that August 2014 scheduling workshop? 21 A That basically went into the schedule. 22 Okay. So it was development of the project 23 schedule. And then it also went into our risk 24 register, where those mitigation strategies are 25 tracked in the risk register to see if there were</p>	<p style="text-align: right;">Page 39</p> <p>1 Q At what point did Ms. Cazalet's team take 2 over that role from you? 3 A I don't have an exact date on that. 4 Q Was it after the August 2014 workshop? 5 A Yes. 6 Q Was it after the November 2015 workshop? 7 A No. I think it was prior to then. 8 Q Was there a reason that her team took it 9 over from your team? 10 A Yeah. It was just better managed out of 11 that group. We were too busy installing stuff. It 12 was better that that risk group relied or stayed in 13 the project controls arena. 14 Q Do you know the reasons that Westinghouse 15 was engaging in that August 2014 workshop? 16 A I think it was a consensus from both the 17 client and the consortium that it would behoove us 18 to really look to try and make improvements. And 19 that was one of the things that we thought we could 20 improve on, you know, mutual agreement on how we're 21 going to handle the schedule. 22 Q Was there a belief that you had that the 23 current schedule was no longer an accurate 24 assessment of how the project was going? 25 A Well, I think it was an accurate</p>

<p style="text-align: right;">Page 40</p> <p>1 assessment at the time the schedule was -- was</p> <p>2 completed. I think the -- I think as we went on,</p> <p>3 you know, it kind of matured. The schedule matured.</p> <p>4 So there was a lot of things that we</p> <p>5 picked up doing. And even the processes to track,</p> <p>6 you know, progress on the schedule were even, I</p> <p>7 would say, grown into mature, where in the earlier</p> <p>8 days, you know, we would just basically schedule in</p> <p>9 big blocks. But in the -- as time went on, we got</p> <p>10 more refined with that schedule. So, you know,</p> <p>11 almost down to every hour was blocked out for</p> <p>12 scheduling.</p> <p>13 Q Was it your belief that a more detailed</p> <p>14 schedule needed to be prepared in 2014?</p> <p>15 A No. I think the schedule actually served</p> <p>16 the purpose. It was that -- we had so many</p> <p>17 uncertainties with the other issues, that you</p> <p>18 couldn't really refine the schedule because there</p> <p>19 were uncertainties.</p> <p>20 So once those uncertainties were addressed</p> <p>21 through either, say, mitigation strategies and plans</p> <p>22 and stuff like that, then you could -- you could get</p> <p>23 a more detailed schedule based on those strategies.</p> <p>24 Q Do you feel that the August 2014 workshop</p> <p>25 developed a more robust set of mitigation strategies</p>	<p style="text-align: right;">Page 42</p> <p>1 A I think the whole essence of going through</p> <p>2 that workshop was increased productivity, yes.</p> <p>3 Q And do you know if the productivity factor</p> <p>4 improved after that workshop?</p> <p>5 A The productivity factor over the years was</p> <p>6 fairly constant in the 2014 range, that year. But I</p> <p>7 think what we had laid out as a plan when</p> <p>8 Westinghouse took over, I mean, the actual percent</p> <p>9 complete per month, those goals were very hard to</p> <p>10 achieve when the plan was laid out. And then there</p> <p>11 were issues that came up that we never did achieve</p> <p>12 that -- those planned percent complete per month.</p> <p>13 So I think the best month we had was like</p> <p>14 a 1 and a half percent complete. And at the time,</p> <p>15 we should have been nearing the 2 percent range.</p> <p>16 And then we were supposed to have a sustained period</p> <p>17 of almost 3 percent. So those issues were kind</p> <p>18 of -- we never got there.</p> <p>19 Q Did you feel that the goals that were set</p> <p>20 out at the outset were unattainable?</p> <p>21 A I don't think so. You know, it was laid</p> <p>22 out, to the best of our ability, to just go forward</p> <p>23 with the process that we had and the people that we</p> <p>24 had. And we laid it out with a -- with an estimate</p> <p>25 that said, you know, this is what we think is giving</p>
<p style="text-align: right;">Page 41</p> <p>1 than had existed previously?</p> <p>2 A I think so, for the major issues, yes.</p> <p>3 Yes.</p> <p>4 Q Were those strategies effective?</p> <p>5 A Some were. Some -- obviously we had</p> <p>6 issues with the modules still that carried forward,</p> <p>7 but some of them are because it made -- it made the</p> <p>8 project aware of what -- of what they needed to</p> <p>9 watch out for.</p> <p>10 Q What strategies, would you say, from that</p> <p>11 workshop were effective?</p> <p>12 A Well, I don't know. In the original</p> <p>13 workshop, I think there were, like, 43 major</p> <p>14 strategies or something thereabouts. I can't</p> <p>15 recall. It was 2014, so...</p> <p>16 You know, modules would have been one,</p> <p>17 obviously.</p> <p>18 Q Modules? You feel the mitigation</p> <p>19 strategies from that workshop were effective?</p> <p>20 A Well, I feel that the strategy was laid</p> <p>21 out. The commercial arrangement was a roadblock,</p> <p>22 but I think the strategy was actually laid out</p> <p>23 pretty well.</p> <p>24 Q Did that workshop discuss strategies to</p> <p>25 improve productivity?</p>	<p style="text-align: right;">Page 43</p> <p>1 us our best shot at making these substantial</p> <p>2 completion dates.</p> <p>3 Q Did you identify factors that were causing</p> <p>4 productivity to not be at the level that</p> <p>5 Westinghouse initially anticipated?</p> <p>6 A Well, that was more on the constructor</p> <p>7 side, like the Shaw Group/CB&I/Fluor, you know,</p> <p>8 because they had the majority of construction. So</p> <p>9 those issues would have been more on that side of</p> <p>10 the house.</p> <p>11 When it did come time for the installation</p> <p>12 from my group, from what I could see, I mean, we</p> <p>13 were pretty much on schedule with the durations that</p> <p>14 we had specified.</p> <p>15 Q With respect to the productivity of the</p> <p>16 Shaw Group or the subcontractor, I think you</p> <p>17 mentioned earlier incentives. They were</p> <p>18 incentivized to be productive. Is that -- is that</p> <p>19 kind of the reason that you feel they weren't as</p> <p>20 productive as anticipated?</p> <p>21 MR. KEEL: Object to form.</p> <p>22 THE WITNESS: I didn't mention anything</p> <p>23 about incentives, yeah.</p> <p>24 BY MR. COX:</p> <p>25 Q Okay. Did you ever have a belief as to</p>

<p style="text-align: right;">Page 44</p> <p>1 why their productivity wasn't hitting the level 2 Westinghouse anticipated? 3 MS. HODGES: Excuse me. Would you please 4 ask the witness to speak up? He's very 5 difficult to hear. 6 THE WITNESS: Okay. All right. 7 MR. SCHALK: Do you need the question 8 repeated? 9 THE WITNESS: Yes, please. 10 BY MR. COX: 11 Q Do you have a belief or a reason as to why 12 the productivity of CB&I/Shaw wasn't at the level 13 that was anticipated by Westinghouse? 14 MR. KEEL: Object to form. 15 THE WITNESS: Yeah. So there were a lot 16 of issues. So I think -- I think what it was 17 was this wasn't your normal civil work project. 18 I mean, the civil work in this project was a 19 little bit complicated. But the constructor 20 also probably wasn't prepared as they should 21 have been to handle the civil work in this 22 project. 23 So -- so it was kind of from both ends 24 that you were finding that you weren't going to 25 achieve the goals that you had set out to do.</p>	<p style="text-align: right;">Page 46</p> <p>1 Q And is that throughout the whole time that 2 you were on the project? 3 A Yes. 4 Q Was that a fully integrated 5 resource-loaded schedule? 6 A It was a fully integrated schedule. 7 However, resource loading, there were some areas 8 that were resource-loaded, and then there were other 9 areas that weren't. 10 So if you were asking the question, was it 11 a fully resource-loaded schedule, no. There were 12 gaps where some of it was, some of it wasn't. 13 Q And is that true for the whole time you 14 were at the project, that there were gaps in the 15 schedule, as far as resource loading? 16 A Yeah. I don't think the resource loading, 17 the identification of that resource loading was 18 treated as a primary importance for some of the work 19 that was secondary in nature. 20 So if you had something that was on the 21 turbine building side, not necessarily nuclear 22 island side, you know, you wouldn't -- you wouldn't 23 have tried to resource all of that schedule. You 24 would have spent more time trying to do that than 25 actually -- than actually just having a crew that</p>
<p style="text-align: right;">Page 45</p> <p>1 BY MR. COX: 2 Q Are you familiar with the different levels 3 of schedules on a construction project? 4 A 1, 2, 3, right? 5 Q And can you describe the differences in 6 those level of schedules? 7 A Well, at the top level, level 1, it's 8 essentially just a small -- might show you 100 9 activities in a schedule. 10 Level 2 goes into more detail, so you have 11 anywhere from 200 to 1,000 activities in the 12 schedule, maybe. Maybe even more. 13 And then a level 3 is you have a detailed 14 schedule where it's thousands of activities in that 15 level 3 schedule. 16 Q And what level schedule did Westinghouse 17 have at the project, if you know? 18 A Yes. 19 MR. SCHALK: Form. 20 Go ahead. 21 THE WITNESS: So that -- do you want -- 22 MR. SCHALK: You can answer. 23 THE WITNESS: Okay. 24 So it was a level 3 schedule. 25 BY MR. COX:</p>	<p style="text-align: right;">Page 47</p> <p>1 was assigned to the turbine building, working 2 through it on a daily basis. 3 So on the nuclear island side, that's 4 where you really tried to resource load, because 5 there's only so many work fronts you can work 6 because it's a pretty small footprint in the nuclear 7 island. So you've got some limited access. So 8 you've really got to plan your work out and the 9 crews associated with that. 10 Q When we say "resource loading," can you 11 describe what that means for a schedule? 12 A Yeah, it just means that if you have an 13 activity, then you have a crew associated with that 14 activity, and for the duration and time that that 15 activity completes. 16 Q And when we say "fully integrated" for a 17 schedule, a construction schedule, what does that 18 mean to you? 19 A It means that you're integrating all the 20 components of a construction project. So you've got 21 engineering, procurement, licensing. All that 22 theoretically was integrated with the construction 23 schedule. And then you continue on with the 24 operations side of those. 25 Q And just so I'm clear as to what you are</p>

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<p>1 saying existed on the project, is it -- is it your 2 belief that there was a fully integrated schedule 3 during your time on the project, but it wasn't 4 completely resource-loaded the whole time? 5 A Uh-huh. True. I think the -- the fully 6 integrated schedule, once the engineering completion 7 schedule was developed, that's when that fully 8 integrated schedule came in. Up until that 9 engineering completion schedule was developed, you 10 had gaps between the engineering supply and then the 11 construction work that, you know, follows it. 12 So -- so when that engineering completion 13 schedule got developed, we had a much better picture 14 of just what needed to be done when so you could 15 support construction from an engineering 16 perspective. 17 Q And when did that engineering completion 18 schedule get completed? 19 A I can't recall. 20 Q Was it before the August 2014 workshop? 21 A I don't -- I can't remember. 22 Q Would you describe the schedule that came 23 out of that August 2014 workshop as a fully 24 integrated schedule? 25 A Fully integrated from a construction</p>	<p>1 THE WITNESS: Yes. 2 BY MR. COX: 3 Q What types of information did SCE&G 4 review, to your knowledge, to analyze that schedule? 5 A Well, there was a monthly schedule report 6 that was transmitted to SCANA every month, yeah, and 7 they would have had that knowledge from the 8 schedule. 9 Then we had plan of the day meetings where 10 we went through certain sections of the schedule for 11 lookaheads. 12 Then we had the weekly meetings with 13 SCANA; and then the project review meeting, which 14 was the overall status of the schedule, just where 15 we stood with percent complete and that sort of 16 thing, in a presentation to the client. 17 Q So let's talk about each of those 18 meetings. The progress review meeting, how often 19 did that occur? 20 A The -- the PRM was once a month. Okay. 21 And it changed in format over time, but essentially 22 it went over the major areas of the project. So you 23 would have had safety; you would have had quality; 24 you who have had quality, engineering, procurement, 25 licensing, construction, operations.</p>
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<p>1 standpoint, yes. Yes, to the best -- the best of 2 the available data that was available at that point. 3 Q Was Terry Elam really the lead person from 4 Westinghouse on putting that schedule together? 5 A Correct. 6 Q Were you ever informed that SCE&G 7 disagreed with the schedule analysis that was 8 prepared in the August 2014 workshop? 9 A Disagreed with the workshop results? Is 10 that what you're asking? 11 Q Correct. 12 A No. No, no knowledge of that. 13 Q What was your -- did you have any 14 understanding as to how they viewed the schedule 15 that came out of that workshop? 16 A No. I think -- I think there was a 17 mutual -- mutual arrival at -- you know, it was both 18 groups coming together to produce the schedule and 19 mitigation strategies that would enable us to finish 20 the project when we were supposed to. 21 Q Did Westinghouse provide SCE&G with access 22 to information to allow SCE&G to analyze that 23 schedule? 24 MR. SCHALK: Form. 25 MR. KEEL: Same.</p>	<p>1 And then there were -- there was, you 2 know, a presentation on schedule. And there was a 3 presentation on percent complete every month. 4 So -- so I mean, it was -- it was pretty 5 transparent just where we stood at that monthly, you 6 know, end of month. 7 Q How long did that -- those meetings 8 typically last? 9 A Well, they varied. They started out where 10 it was only a couple of hours. But then there was a 11 period there where they were going six to seven 12 hours. And everybody felt that that really wasn't 13 worth it to have all these people sit there all day. 14 So they cut it back to a smaller group and a -- and 15 a reduced time. So it went more efficiently at that 16 point. 17 Q Are you aware of any instances where SCE&G 18 was requesting more information to support a 19 schedule analysis from Westinghouse, and 20 Westinghouse wouldn't provide it? 21 A Not to my knowledge. 22 Q In the estimate to complete schedules 23 workshops that you were a part of, were the 24 substantial completion dates of the units ever 25 constrained?</p>

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<p>1 A Estimate complete workshops.</p> <p>2 Q The schedule workshops. I think you</p> <p>3 mentioned two, August 2014 --</p> <p>4 A Yeah.</p> <p>5 Q -- and November 2015.</p> <p>6 A Right. That wasn't ETC. That was just --</p> <p>7 the August 2014 was just a workshop with SCANA.</p> <p>8 Okay. The November of 2015 was actually the</p> <p>9 transition to Westinghouse taking over.</p> <p>10 Those -- those -- the ETC was handled</p> <p>11 separate from those meetings. So if you want to ask</p> <p>12 the question again, go ahead.</p> <p>13 Q No. I appreciate that.</p> <p>14 So those workshops you were a part of, to</p> <p>15 your knowledge, they didn't come up with a date when</p> <p>16 the units would be substantially complete?</p> <p>17 A Uh-huh, they did. They did.</p> <p>18 Q Do you view that -- I'm having trouble</p> <p>19 understanding how that's different from an estimate</p> <p>20 to complete.</p> <p>21 Can you describe the difference between</p> <p>22 coming up with a schedule that comes up with a</p> <p>23 substantially complete date versus an estimate to</p> <p>24 complete?</p> <p>25 A Right. So you're talking kind of apples</p>	<p>1 and we need to find a way to develop mitigation</p> <p>2 strategies that keep these substantial completion</p> <p>3 dates from moving to the right"?</p> <p>4 MR. SCHALK: Form.</p> <p>5 THE WITNESS: Yeah, you'd have to ask</p> <p>6 Terry more about that.</p> <p>7 BY MR. COX:</p> <p>8 Q Okay.</p> <p>9 A Yeah.</p> <p>10 Q And what was your role on the ETC the cost</p> <p>11 analysis?</p> <p>12 A Yeah. Like I said before, it was just to</p> <p>13 review items like schedule, et cetera, but it was --</p> <p>14 mainly our role was to develop the estimate for our</p> <p>15 group, and the personnel that we had, and the</p> <p>16 installation costs that we would have been</p> <p>17 associated with. So, you know, the installation of</p> <p>18 the primary equipment, that sort of thing.</p> <p>19 So those are the estimates that we would</p> <p>20 have developed and submitted to the ETC people in</p> <p>21 Charlotte.</p> <p>22 Q From your perspective, looking at</p> <p>23 installation, did the difficulties in fabrication of</p> <p>24 the modules create lower productivity on</p> <p>25 installation because you had personnel that weren't</p>
Page 53	Page 55
<p>1 and oranges. So the schedule is the schedule. But</p> <p>2 then the ETC is the actual cost associated with the</p> <p>3 project.</p> <p>4 Q Right.</p> <p>5 A So -- so it depends for that estimate to</p> <p>6 complete, to generate those costs, obviously you</p> <p>7 have to use schedule as input. But you're kind of</p> <p>8 talking apples and oranges when you're saying</p> <p>9 schedule versus ETC.</p> <p>10 Q Okay. And I didn't mean for ETC to refer</p> <p>11 to costs. So I'll try to avoid that term when I'm</p> <p>12 talking about schedule.</p> <p>13 A Right. Yeah. So those dates that we used</p> <p>14 as substantial completion in the -- in that</p> <p>15 November 2015, I believe they were June of 2019 and</p> <p>16 June of 2020 for the two units. And that's what</p> <p>17 was -- what came out of those meetings.</p> <p>18 Q And were those dates constrained?</p> <p>19 A They would have been constrained with</p> <p>20 other constraints in that schedule. And then we</p> <p>21 would have had to address those through mitigation</p> <p>22 strategies, like I explained before.</p> <p>23 Q So from your view, when those schedules</p> <p>24 were put together, did -- was there a position where</p> <p>25 you were told, "These dates can't move to the right,</p>	<p>1 being used to install who should have been?</p> <p>2 A I really can't answer that one because,</p> <p>3 frankly, if you have a delay in the module supply,</p> <p>4 obviously that's going to set you back</p> <p>5 productivity-wise. However, there was plenty of</p> <p>6 work for people on-site to go accomplish other than</p> <p>7 saying those module deliveries. So there was still</p> <p>8 enough work to go around that those folks should</p> <p>9 have remained busy with other things to take up</p> <p>10 their time.</p> <p>11 Q From your experience on the project, were</p> <p>12 those folks staying busy who weren't performing the</p> <p>13 task that was initially anticipated?</p> <p>14 A Yeah, they would have reassigned those</p> <p>15 folks to do other things. So -- so it might have</p> <p>16 been that they were doing lookaheads on installation</p> <p>17 of mechanical modules. We had a lot of issues</p> <p>18 associated with mechanical modules because they</p> <p>19 would come in from the supplier and they wouldn't be</p> <p>20 just right. So we would have to modify those</p> <p>21 modules on-site.</p> <p>22 So -- so for those folks that were</p> <p>23 supposed to come in and work on the big structural</p> <p>24 modules in welding those out, they would have been</p> <p>25 transferred to go work on the mechanical modules, to</p>

<p style="text-align: right;">Page 56</p> <p>1 help us where we never anticipated those kind of 2 delays, but we were finding that from the suppliers, 3 they weren't coming in exactly right. 4 Q So why did those steps not help the 5 productivity factor improve? 6 MR. SCHALK: Form. 7 MR. KEEL: Same. 8 MR. SCHALK: Go ahead. 9 THE WITNESS: Right. So the productivity, 10 I mean, it's still going to be what it's going 11 to be. Right? So that would accelerate one 12 piece of the project. But the major piece of 13 the project is, you know, these delivery of 14 modules, period, still is holding you back on 15 the project. 16 It's critical path. So those modules 17 assemblies, the smaller ones, would not have 18 been, quote, critical path. 19 BY MR. COX: 20 Q And when you say "critical path," can you 21 explain what that means? 22 A It's just a single path through the 23 project that gives you the shortest duration of 24 time. 25 Q Is it the most important path to the</p>	<p style="text-align: right;">Page 58</p> <p>1 And the fact is, I think, the folks that 2 developed those strategies really did a pretty 3 good job. And that was the consensus that, you 4 know -- there must have been, I'd say, 40 5 people sitting in the room down in Columbia for 6 this transition period. And those are the 7 folks that really put in the effort to develop 8 those mitigation strategies in detail. 9 BY MR. COX: 10 Q And why do you believe the substantial 11 completion date for the project continued to slip to 12 the right if you feel those mitigation strategies 13 were -- were effective? 14 A Well, I'd say the mitigation strategies, 15 the development of them, that part was good. The 16 actual execution of them may or may not have been as 17 good. And there was still issues commercially on 18 mitigation strategies that took time to resolve. 19 So -- so while the mitigation strategy was 20 adequate, the duration for the decision-making 21 process probably would have taken too long, so it 22 extended the window. 23 Q So let's turn to those changes that 24 occurred in November 2015, or the fall of 2015. 25 Were you involved in the negotiations that</p>
<p style="text-align: right;">Page 57</p> <p>1 substantial completion date? 2 A Yeah, it's what you concentrate on, yeah. 3 Q And why do you concentrate on that? 4 A Well, everything works from that. So 5 you -- you have the critical path work, and then 6 everything kind of flows into the critical path, 7 either in parallel or as prerequisite steps. So 8 with the critical path, that's how you drive your 9 project. 10 Q What happens if you have mitigation 11 strategies on the critical path that fail? 12 A Then you come up with other ideas to 13 mitigate the delays. And in some cases, if you 14 can't, you just, you know, take the hit in the 15 schedule. 16 Q In your experience on the project, were 17 any mitigation strategies developed that you found 18 to be impractical -- impracticable? 19 MR. SCHALK: Form. 20 THE WITNESS: No. From my involvement in 21 that, I thought that the people really made a 22 good effort to develop strategies that were 23 workable. And they hinged on certain 24 decisions, either by consortium or the owner, 25 but there were decision points that were made.</p>	<p style="text-align: right;">Page 59</p> <p>1 resulted in Westinghouse taking over some of the 2 role from CB&I? 3 A No. 4 Q How did you hear about that change? 5 A Through management. 6 Q And who informed you about that 7 specifically? 8 A It would have been the project director. 9 Q Was that Mr. Churchman? 10 A Yes. 11 Q What was your view on the changes that 12 occurred then? 13 MR. SCHALK: Form. 14 THE WITNESS: I just -- our company let 15 out -- you know, basically had a direction to 16 go, and we were the people to execute it. 17 BY MR. COX: 18 Q Did productivity improve, from your point 19 of view, after the changes in the fall of 2015? 20 A I think it did. And I think it shows in 21 the percent complete because it was climbing. We 22 never achieved what we wanted to achieve, but it was 23 climbing. So there were some improvements. It 24 never really got to where it had to get to if we 25 wanted to meet those substantial completion dates,</p>

<p style="text-align: right;">Page 60</p> <p>1 but it was headed in the right direction.</p> <p>2 Q Why didn't it get all the way to where it</p> <p>3 needed to be to meet the substantial completion</p> <p>4 date?</p> <p>5 A Well, there were a lot of changes being</p> <p>6 made, and the full effect of those changes, I don't</p> <p>7 think they were realized yet. But you could start</p> <p>8 to see the trend that we were improving.</p> <p>9 Q And did that trend go all the way up -- of</p> <p>10 improvement go all the way up to the time of</p> <p>11 Westinghouse's rejection of the contract?</p> <p>12 A I think on the last month, from what I was</p> <p>13 told, we had like a 1 and a half percent completion</p> <p>14 for the month, that essentially that was the highest</p> <p>15 that we had achieved; so yeah.</p> <p>16 Q Did you think the project was going to get</p> <p>17 constructed all the way up until the time that</p> <p>18 Westinghouse departed?</p> <p>19 A Yes. My belief was we'd finish the</p> <p>20 project.</p> <p>21 Q Do you have any knowledge of SCE&G's</p> <p>22 requests of information from WEC for information</p> <p>23 regarding the risks to meet the schedule?</p> <p>24 MR. SCHALK: Form.</p> <p>25 THE WITNESS: Well, we talked to SCE&G</p>	<p style="text-align: right;">Page 62</p> <p>1 is the major project risk. This is how we're going</p> <p>2 to try and mitigate it. Here's where we stand.</p> <p>3 That was the type of information that we shared with</p> <p>4 SCANA.</p> <p>5 Q How did it differ from what was discussed</p> <p>6 in the monthly meetings?</p> <p>7 A The monthly meetings, you know, the risk</p> <p>8 register might have been talked about in high-level</p> <p>9 form, but it wasn't going into the detail that the</p> <p>10 risk meeting itself would have.</p> <p>11 Q And who presented the information from</p> <p>12 Westinghouse at those weekly meetings?</p> <p>13 A The weekly meetings? That would have been</p> <p>14 somebody from Lisa Cazalet's group.</p> <p>15 Q Did you become aware at some point in time</p> <p>16 that Bechtel was doing an assessment of the project?</p> <p>17 A Yes.</p> <p>18 Q When did you become aware of that?</p> <p>19 A We were told that Bechtel was going to be</p> <p>20 performing an assessment. SCANA had told our</p> <p>21 project director, and then that flowed down from the</p> <p>22 project director that Bechtel was coming on-site to</p> <p>23 do this assessment.</p> <p>24 Q So Mr. Churchman was the one who told you</p> <p>25 about the assessment?</p>
<p style="text-align: right;">Page 61</p> <p>1 about those risks quite a bit, and we held</p> <p>2 monthly meetings with SCE&G to identify and go</p> <p>3 through those risks on a monthly basis.</p> <p>4 Actually, certain representatives of SCE&G</p> <p>5 were in the weekly risk meetings. And then we</p> <p>6 presented all of, you know, what we had done to</p> <p>7 senior management of SCE&G, senior site</p> <p>8 management, on a monthly basis. So people were</p> <p>9 aware of exactly where we stood.</p> <p>10 BY MR. COX:</p> <p>11 Q Who from SCE&G was at those weekly risk</p> <p>12 meetings?</p> <p>13 A The weekly?</p> <p>14 Q Right.</p> <p>15 A It would have been somebody like Kyle</p> <p>16 Young or one of his representatives.</p> <p>17 But then on the monthly ones, it was</p> <p>18 attended by senior site management for SCANA, so</p> <p>19 like a Ron Jones, Brad Stokes, Alan Torres, those</p> <p>20 folks.</p> <p>21 Q What was the nature of the information</p> <p>22 presented at those meetings versus the monthly</p> <p>23 progress meetings?</p> <p>24 A It was just -- it was just talking</p> <p>25 specifically to risks. So this is the risk. This</p>	<p style="text-align: right;">Page 63</p> <p>1 A Right.</p> <p>2 Q Do you recall when that was?</p> <p>3 A No, I don't know.</p> <p>4 Q Have you ever worked with Bechtel before</p> <p>5 2015?</p> <p>6 A Yes. We had done a lot of decommissioning</p> <p>7 work in spent fuel and that sort of stuff. And</p> <p>8 we -- I was actually involved in working as a</p> <p>9 subcontractor to Bechtel at Connecticut Yankee to</p> <p>10 develop and build a new fuel transfer facility</p> <p>11 farther. So yes, I've been involved with Bechtel.</p> <p>12 Q What time period was that?</p> <p>13 A Now you're testing my memory.</p> <p>14 That was quite some time ago. That was</p> <p>15 with AREVA; so I would think that that's got to be</p> <p>16 10 years ago.</p> <p>17 Q What is Bechtel's reputation in your</p> <p>18 industry?</p> <p>19 A I think Bechtel is very good. I think</p> <p>20 they're kind of a stickler to work with</p> <p>21 commercially. They're not the easiest people to get</p> <p>22 along with, but typically they finish the job, so...</p> <p>23 Q Did Mr. Churchman tell you anything about</p> <p>24 the reason that Bechtel was doing an assessment of</p> <p>25 the project?</p>

<p style="text-align: right;">Page 64</p> <p>1 A No. The assessment was just basically</p> <p>2 they were coming in to assess the status of the</p> <p>3 project and what they felt about it. So other than</p> <p>4 that, there wasn't much detail.</p> <p>5 Q Did you ever receive any information about</p> <p>6 the reason for the Bechtel assessment from anyone</p> <p>7 besides Mr. Churchman?</p> <p>8 A Not really.</p> <p>9 Q Were you ever told that the purpose of the</p> <p>10 Bechtel assessment was to prepare for litigation</p> <p>11 against Westinghouse?</p> <p>12 MR. SCHALK: Form.</p> <p>13 THE WITNESS: Never told that.</p> <p>14 BY MR. COX:</p> <p>15 Q Were you ever told that they would have</p> <p>16 any role in the project beyond assessing the</p> <p>17 project?</p> <p>18 A No, I was not told that.</p> <p>19 Q What were you told about the scope of</p> <p>20 Bechtel's assessment of the project?</p> <p>21 MR. SCHALK: Form.</p> <p>22 THE WITNESS: Kind of like I said, it was</p> <p>23 just to come in and do an assessment of where</p> <p>24 the project stood. And then the going forward</p> <p>25 on the project, whether it was reasonable to</p>	<p style="text-align: right;">Page 66</p> <p>1 A I -- I can't answer that, but I know SCANA</p> <p>2 had set up a reading room that Bechtel would</p> <p>3 basically be able to look at those documents. And</p> <p>4 Westinghouse, I think, had supplied some documents</p> <p>5 for that reading room, as well.</p> <p>6 Q Are you -- are you aware of any requests</p> <p>7 for information by Bechtel that Westinghouse refused</p> <p>8 to meet?</p> <p>9 A No, not that I know of. And those</p> <p>10 requests would have come through SCANA. They</p> <p>11 wouldn't have come through Bechtel.</p> <p>12 Q Okay. Well, that's fine.</p> <p>13 My question to you is: Even if the</p> <p>14 request to Westinghouse or to you came through</p> <p>15 SCE&G, are you aware of any times where Westinghouse</p> <p>16 said, "We're not going to provide that information"?</p> <p>17 A Not to my knowledge.</p> <p>18 Q Were you ever given the suggestion that</p> <p>19 you were not to cooperate with Bechtel in their</p> <p>20 assessment?</p> <p>21 A No. Nobody ever told us to just not</p> <p>22 cooperate, no.</p> <p>23 Q Beyond no one telling you that, did anyone</p> <p>24 give you the impression that you shouldn't be</p> <p>25 forthcoming with Bechtel?</p>
<p style="text-align: right;">Page 65</p> <p>1 assume that, you know, they make schedule</p> <p>2 dates, et cetera. So that was kind of what we</p> <p>3 were told.</p> <p>4 BY MR. COX:</p> <p>5 Q So you were told that schedule assessment</p> <p>6 was part of the assessment?</p> <p>7 A Well, I'm not saying schedule</p> <p>8 specifically, but just the likelihood of making the</p> <p>9 substantial completion dates. And then there were</p> <p>10 other things factored into that.</p> <p>11 But, you know, it was essentially Bechtel</p> <p>12 had the scope of work that they were going to come</p> <p>13 in and perform. Details behind it, I didn't get any</p> <p>14 written details of what exactly they were doing, so</p> <p>15 it would just be conjecture on my part.</p> <p>16 Q What type of interactions with Bechtel did</p> <p>17 you have during the assessment?</p> <p>18 A So -- so we provided logistics, or some</p> <p>19 logistics for them, for them to get around the site</p> <p>20 and to go in and investigate certain areas, and just</p> <p>21 like a support function for them. But we did not --</p> <p>22 we did not work with those folks as far as</p> <p>23 developing any details that went into the report.</p> <p>24 Q What types of documents did you provide to</p> <p>25 Bechtel?</p>	<p style="text-align: right;">Page 67</p> <p>1 MR. SCHALK: Form.</p> <p>2 THE WITNESS: Nope.</p> <p>3 BY MR. COX:</p> <p>4 Q Did you have an interview with Bechtel?</p> <p>5 A Have an interview?</p> <p>6 Q Yes. Did someone from Bechtel interview</p> <p>7 you?</p> <p>8 A No. There were discussions, but it</p> <p>9 wasn't, quote, a formal interview.</p> <p>10 Q So you had conversations with --</p> <p>11 A Yeah, certain Bechtel people.</p> <p>12 Q Okay. Who from Bechtel did you talk to?</p> <p>13 A Well, I had talked to John Atwell, who</p> <p>14 was -- John, I don't think, was part of the team</p> <p>15 that actually did the assessment. I think John was</p> <p>16 more the Bechtel lead on-site putting it together.</p> <p>17 So...</p> <p>18 Q What did you talk to Mr. Atwell about?</p> <p>19 A Well, just, you know, what they need from</p> <p>20 the support standpoint for us to try and help them</p> <p>21 out.</p> <p>22 Q What did he say they needed?</p> <p>23 A Well, it would just be like escorting into</p> <p>24 the areas that they needed to get in to see what the</p> <p>25 status of the scope of work was. So, you know, we</p>

<p style="text-align: right;">Page 68</p> <p>1 could provide them that access.</p> <p>2 Q Do you recall talking to anyone else from</p> <p>3 Bechtel, besides Mr. Atwell?</p> <p>4 A I don't. I don't. I'm getting the</p> <p>5 Bechtel thing confused with the Construction</p> <p>6 Oversight Review Board. So -- so from the Bechtel</p> <p>7 side, I don't recall anything on the Bechtel side.</p> <p>8 Q Did you provide a schedule to Bechtel?</p> <p>9 A I can't say definitively, but I guess</p> <p>10 that's a question for Terry.</p> <p>11 Q Okay. Did anyone at Westinghouse express</p> <p>12 any concerns to you about providing information to</p> <p>13 Bechtel?</p> <p>14 A No, not to me.</p> <p>15 Q Did you ever see the report that Bechtel</p> <p>16 produced regarding the assessment?</p> <p>17 A I've seen what's been printed in the</p> <p>18 papers. You know, I've seen that. I haven't seen</p> <p>19 the attachments that were associated with the</p> <p>20 report, but the main body of the report, I've seen,</p> <p>21 yes.</p> <p>22 Q Did you see it while you were still on the</p> <p>23 project?</p> <p>24 A No; it was after.</p> <p>25 Q So it was within the past year that you</p>	<p style="text-align: right;">Page 70</p> <p>1 done?</p> <p>2 A I guess the -- the completion date of the</p> <p>3 Bechtel assessment, I don't really know the end date</p> <p>4 on that. Okay? But -- but the report itself, the</p> <p>5 first time I saw it was when it was public.</p> <p>6 Q And did you have any conversations, while</p> <p>7 you were at the project, with your colleagues about</p> <p>8 asking for a written copy of the Bechtel assessment?</p> <p>9 MR. SCHALK: Form.</p> <p>10 THE WITNESS: I didn't.</p> <p>11 THE COURT REPORTER: Did or didn't?</p> <p>12 THE WITNESS: Didn't.</p> <p>13 THE COURT REPORTER: Thank you.</p> <p>14 MR. SCHALK: Try to keep your voice up.</p> <p>15 THE WITNESS: Voice up? Okay.</p> <p>16 BY MR. COX:</p> <p>17 Q Did you have any discussions, while you</p> <p>18 were on the project, about what Bechtel's</p> <p>19 conclusions were?</p> <p>20 A Not really. I think, you know, the report</p> <p>21 was put out and, you know, was -- it wasn't viewed</p> <p>22 one way or the other from the project perspective,</p> <p>23 so...</p> <p>24 Q Did you know that a report had been put</p> <p>25 out while you were on the project?</p>
<p style="text-align: right;">Page 69</p> <p>1 saw it?</p> <p>2 A Uh-huh.</p> <p>3 Q Is that a yes?</p> <p>4 A Yes.</p> <p>5 Q Did you have any understanding, when</p> <p>6 Bechtel was doing the assessment, whether there</p> <p>7 would be a written report?</p> <p>8 A I didn't know what the scope of their work</p> <p>9 really was, you know. I was just told that they</p> <p>10 were coming in and doing an assessment.</p> <p>11 Normally, when you do an assessment, you</p> <p>12 write it up. So I would imagine that there would be</p> <p>13 a report, but I had -- I had no knowledge of what</p> <p>14 they were contracted to do.</p> <p>15 Q Did you have any conversations with your</p> <p>16 colleagues about requesting to see the Bechtel</p> <p>17 report?</p> <p>18 A No. We just picked it up online when it</p> <p>19 was available.</p> <p>20 Q Right. And I should rephrase that</p> <p>21 question.</p> <p>22 When you were still on the project, in</p> <p>23 2015, after the assessment was complete -- and let</p> <p>24 me preface this by saying: Did you have an</p> <p>25 understanding of when the Bechtel assessment was</p>	<p style="text-align: right;">Page 71</p> <p>1 A No. You know, the first -- like I said</p> <p>2 before, the first time I saw the report was when it</p> <p>3 became publicly available.</p> <p>4 Q And I want to kind of shift this</p> <p>5 questioning back to the time period right after the</p> <p>6 Bechtel assessment was complete.</p> <p>7 Did you have any understanding -- even</p> <p>8 though you didn't see a report, did you have any</p> <p>9 understanding of what the conclusions Bechtel had</p> <p>10 reached in its assessment were?</p> <p>11 A Not -- not -- not until I saw the report</p> <p>12 when it became public. That report and the</p> <p>13 assessment was basically handled from SCANA</p> <p>14 internally, so they were working through SCANA. So</p> <p>15 we weren't obligated to see anything that was</p> <p>16 generated from Bechtel on that.</p> <p>17 Q So it's correct to say that you did not</p> <p>18 know what Bechtel's conclusions were while you were</p> <p>19 on the project?</p> <p>20 MR. SCHALK: Asked and answered. Go</p> <p>21 ahead.</p> <p>22 THE WITNESS: That's true. Or at least I</p> <p>23 don't recollect when those -- those -- when the</p> <p>24 information became available.</p> <p>25 BY MR. COX:</p>

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<p>1 Q Did it become available while you were on</p> <p>2 the project?</p> <p>3 A No, not to my knowledge. I mean, I told</p> <p>4 you it started when it became public.</p> <p>5 Q Right. And I just want to know what you</p> <p>6 personally know, not your company.</p> <p>7 You mentioned the Construction Oversight</p> <p>8 Review Board. Can you explain what that is?</p> <p>9 A Well, SCANA had brought in the seasoned</p> <p>10 veterans -- I guess "seasoned" is the best word to</p> <p>11 use -- that had a lot of construction experience.</p> <p>12 And they were supposed to basically bring some</p> <p>13 oversight and make recommendations to SCANA from the</p> <p>14 construction perspective.</p> <p>15 So it was infrequent meetings. There were</p> <p>16 periods -- I think it might have been once a</p> <p>17 quarter. I don't really remember the periods on the</p> <p>18 meetings, but this construction oversight board</p> <p>19 would do some reviews. They'd interview people that</p> <p>20 they wanted to interview. And then they'd go out</p> <p>21 and complete their assessment and make</p> <p>22 recommendations to SCANA.</p> <p>23 Q Were you ever interviewed by the board?</p> <p>24 A I was. I was.</p> <p>25 Q Who interviewed you?</p>	<p>1 quarter or whatever, but usually there was an</p> <p>2 assessment for each time that they came and met.</p> <p>3 And we would take those assessments that came</p> <p>4 rolling through SCANA to implement.</p> <p>5 Q Was anyone from Westinghouse on the</p> <p>6 Construction Oversight Review Board?</p> <p>7 A No. It was independent.</p> <p>8 Q Did SCE&G ever use an owner's engineer on</p> <p>9 the project?</p> <p>10 A That's a good question. They had</p> <p>11 engineering firms come out and perform services for</p> <p>12 them. But as far as, like, an AE on the project,</p> <p>13 I -- they didn't have an AE, but they did, for</p> <p>14 specific scopes of work, contract engineering</p> <p>15 companies to perform work for them.</p> <p>16 Q What does AE mean?</p> <p>17 A Architect engineer.</p> <p>18 Q How is that different from an owner's</p> <p>19 engineer?</p> <p>20 A Well, an architect engineer is actually</p> <p>21 involved in portions of the design, as well. The</p> <p>22 owner engineer would not be.</p> <p>23 Q Have you worked with owner's engineers on</p> <p>24 other projects?</p> <p>25 A Yes, yes.</p>
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<p>1 A I'm trying to remember. I can see his</p> <p>2 face. He used to work for SGT. It was Williamson,</p> <p>3 Mr. Williamson.</p> <p>4 Q And what did you discuss with him?</p> <p>5 A Just the overall approach to construction</p> <p>6 and our scope associated with the project.</p> <p>7 Q Are you aware of any recommendations that</p> <p>8 were made by the Construction Oversight Review</p> <p>9 Board?</p> <p>10 A They put it out and they issued those</p> <p>11 essentially to SCANA that would then roll through</p> <p>12 SCANA and come to us in the form of, you know,</p> <p>13 enhancements, whether they be schedule or a process</p> <p>14 or whatever.</p> <p>15 Q And did you implement those</p> <p>16 recommendations?</p> <p>17 A Well, we would have taken it to put it as</p> <p>18 an action to implement it. So there would have been</p> <p>19 like a performance improvement plan that would have</p> <p>20 taken that item and captured it and tracked it to</p> <p>21 make sure that that recommendation did get utilized.</p> <p>22 Q And how often did this -- these</p> <p>23 recommendations come from the review board?</p> <p>24 A Well, I can't remember that clearly when</p> <p>25 they met, you know. I don't know if it was once a</p>	<p>1 Q What type of role does the owner's</p> <p>2 engineer usually fill?</p> <p>3 A So the owner's engineer is basically to</p> <p>4 review whatever happens on the other side of the</p> <p>5 house. So if somebody's been contracted to go build</p> <p>6 a building, right, the owner's engineer is looking</p> <p>7 at it from, you know, what specs were provided and</p> <p>8 all that, making sure the compliance between the</p> <p>9 constructed building is essentially the same as what</p> <p>10 was outlined in the specifications.</p> <p>11 Q Do you feel the project would have</p> <p>12 benefited from having an owner's engineer?</p> <p>13 A I can't answer that. It's a SCANA</p> <p>14 question.</p> <p>15 Q Why do you feel it's a SCANA question?</p> <p>16 A Because, you know, SCANA had an overall</p> <p>17 plan, I guess, to manage the project. And it didn't</p> <p>18 include, I don't think, an owner's engineer. So --</p> <p>19 so you'd have to ask SCANA that question.</p> <p>20 Q The project ran into some issues with</p> <p>21 productivity --</p> <p>22 A Uh-huh.</p> <p>23 Q -- correct?</p> <p>24 A It did.</p> <p>25 Q Do you feel an owner's engineer would have</p>

1 helped mitigate those problems?

2 MR. KEEL: Object to form.

3 THE WITNESS: I can't see where they would

4 have actually -- would have had the insight to

5 actually mitigate the problem.

6 BY MR. COX:

7 Q When did you become aware that

8 Westinghouse was going to declare for bankruptcy?

9 A March of 2017.

10 Q At the time it occurred?

11 A Yes.

12 Q You didn't have any notice that it would

13 happen earlier?

14 A We had -- we had a day or two. That was

15 about it.

16 Q What was your reaction to learning about

17 it?

18 MR. SCHALK: Form.

19 THE WITNESS: My reaction was it was a

20 necessity. They needed to do it.

21 BY MR. COX:

22 Q Why was that?

23 A Well, cash flow issues inside of

24 Westinghouse. They had to do it.

25 Q Did you feel that the project was, from

1 your view, was creating financial troubles for

2 Westinghouse?

3 A I'd say obviously, yeah. Yeah.

4 Q Did you have any view on whether the fixed

5 price amendment that occurred in October 2015 would

6 cause financial problems for Westinghouse?

7 A At the time, I didn't -- I didn't know

8 anything that had been worked out in the details of

9 that agreement. But going forward, obviously it did

10 prove to be not -- not probably the right thing to

11 do. So -- so I really can't answer beyond that.

12 Q Did you ever hear anyone at Westinghouse

13 convey to SCE&G that Westinghouse would continue to

14 work on the project even if it resulted in

15 Westinghouse losing money on the project?

16 A I never heard that.

17 Q Were you involved in Westinghouse's

18 calculations, financial calculations, that they used

19 in negotiating the 2015 amendment to the contract?

20 A Huh-uh.

21 Q Were you involved in providing SCE&G

22 information about the project in 2017, after

23 Westinghouse's bankruptcy?

24 MR. SCHALK: Form.

25 THE WITNESS: Say that again.

1 BY MR. COX:

2 Q Sure.

3 In 2017, after Westinghouse's

4 bankruptcy --

5 A Right.

6 Q -- were you involved in providing

7 information to SCE&G about the status of the

8 project?

9 A We continued on like it was a normal

10 project. So all the reports that we generated, we

11 kept them to generate those reports and transmit

12 those to the owner.

13 Q Did you have any unique obligations during

14 that time period to work with SCE&G on calculations

15 that SCE&G was making about whether to continue

16 constructing the project?

17 MR. SCHALK: Form.

18 THE WITNESS: I never did.

19 BY MR. COX:

20 Q Is that a no?

21 A That's a no.

22 MR. COX: If we can take a short break,

23 I'll look through my notes and finish up.

24 MR. SCHALK: Sure.

25 THE VIDEOGRAPHER: The time is 10:33 a.m.

1 We are off the record.

2 (Recess in the proceedings from 10:33

3 to 10:45.)

4 THE VIDEOGRAPHER: The time is 10:45 a.m.

5 We are back on the record. Please proceed.

6 BY MR. COX:

7 Q Mr. Magnarelli, I have just a few more

8 follow-up questions.

9 A Sure.

10 Q During your time at the project, did you

11 ever have any interactions with any personnel from

12 the South Carolina ORS, Office of Regulatory Staff?

13 A Yes, we met on -- there was functional

14 area assessments that went on between the consortium

15 that gave the results of those functional area

16 assessments to the owner. ORS was of particular

17 interest in that, and we met regularly with the ORS

18 to go over those functional area assessments with

19 them.

20 And then there were the periodic monthly

21 meetings with the ORS. And then those I didn't

22 regularly attend, but on once or twice, I met with

23 them on that, as well.

24 Q Those monthly meetings you're referring to

25 are different meetings than the progress review

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<p>1 meetings, correct?</p> <p>2 A Correct.</p> <p>3 Q Did ORS attend the progress review</p> <p>4 meetings?</p> <p>5 A They could have. I believe they were</p> <p>6 invited. I think in some instances, they did, but I</p> <p>7 don't have a total recollection.</p> <p>8 Q And these monthly meetings with --</p> <p>9 A ORS.</p> <p>10 Q -- with ORS --</p> <p>11 A Right.</p> <p>12 Q -- were you always in attendance there or</p> <p>13 generally?</p> <p>14 A No. Once or twice, I had gone as a</p> <p>15 replacement for, like, Carl Churchman or somebody</p> <p>16 else.</p> <p>17 Q What issues -- I'm sorry.</p> <p>18 A Because Carl would have been the guy that</p> <p>19 normally attended those.</p> <p>20 Q And what was discussed at those meetings?</p> <p>21 A Again, it was just the status of the site.</p> <p>22 And, you know, if the ORS had particular concerns or</p> <p>23 any issues that they wanted to discuss, they would</p> <p>24 have brought them up during that meeting.</p> <p>25 Q Did you ever have any interactions with</p>	<p>1 before they were ready to be constructed?</p> <p>2 A There were. You know, we had to establish</p> <p>3 storage tents, and then we actually had to rent</p> <p>4 warehouses offsite to actually store the equipment,</p> <p>5 as well. So, you know, it did.</p> <p>6 We had a lot of equipment delivered that</p> <p>7 we couldn't put into the plant because the plant</p> <p>8 wasn't that far constructed yet. So we had to find</p> <p>9 someplace to put it and store it properly, because a</p> <p>10 lot of this equipment had pretty stringent storage</p> <p>11 requirements, you know, humidity, temperature,</p> <p>12 et cetera.</p> <p>13 Q Did that increase the cost of the project?</p> <p>14 A The added storage, yeah. Yes.</p> <p>15 Q What was the volume of parts that you had</p> <p>16 on hand that you couldn't use yet?</p> <p>17 MR. SCHALK: Form.</p> <p>18 MR. KEEL: Form.</p> <p>19 THE WITNESS: I couldn't answer that.</p> <p>20 BY MR. COX:</p> <p>21 Q How much space were you required to rent</p> <p>22 out to store this equipment?</p> <p>23 A Well, there were two warehouses. One was</p> <p>24 Metro and one was Blythewood. And I believe the</p> <p>25 combination of the two was about 400,000 square feet</p>
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<p>1 ORS staff outside of those meetings, like one-on-one</p> <p>2 conversations?</p> <p>3 A There were some, because the ORS</p> <p>4 representatives were there and, you know, you'd just</p> <p>5 have a discussion with them. Like, I can</p> <p>6 remember -- I can't remember the gentleman's last</p> <p>7 name, but his first name was Gene. And we were</p> <p>8 setting a steam generator, and he wanted to know</p> <p>9 exactly what the status was and the setting of that</p> <p>10 steam generator, because we had some issues with bad</p> <p>11 controllers that day.</p> <p>12 But, I mean, discussions like that we</p> <p>13 would have when you'd see them around the site and</p> <p>14 they'd stop you and ask you some questions.</p> <p>15 Q Were you ever told not to share certain</p> <p>16 information with ORS personnel?</p> <p>17 A No.</p> <p>18 Q Did you have any input into the filings</p> <p>19 that SCE&G made with the South Carolina Public</p> <p>20 Service Commission?</p> <p>21 MR. SCHALK: Form.</p> <p>22 THE WITNESS: No.</p> <p>23 BY MR. COX:</p> <p>24 Q Was there an issue or problem at the</p> <p>25 project regarding parts arriving and backing up</p>	<p>1 of storage space.</p> <p>2 Q How long did you have to rent that space?</p> <p>3 A That I don't know.</p> <p>4 Q Was it the whole time you were there?</p> <p>5 A No.</p> <p>6 Q Did it end before you left?</p> <p>7 A It's ended now, since they've removed all</p> <p>8 the equipment from those warehouses and brought it</p> <p>9 back to the site. So -- so all the equipment is out</p> <p>10 of those warehouses. They no longer pay rent. And</p> <p>11 it's back on-site right now. It's stored in tents</p> <p>12 and warehouses on-site.</p> <p>13 Q Was that space still being rented at the</p> <p>14 time that Westinghouse rejected the contract?</p> <p>15 A It was --</p> <p>16 MR. SCHALK: Form.</p> <p>17 THE WITNESS: Yeah, I'm not sure. I'm not</p> <p>18 sure.</p> <p>19 BY MR. COX:</p> <p>20 Q About how much did it cost to rent that</p> <p>21 space?</p> <p>22 A I don't know.</p> <p>23 Q Did you ever know?</p> <p>24 A No. That's not my bailiwick, rent.</p> <p>25 Q Whose bailiwick is it?</p>

<p style="text-align: right;">Page 84</p> <p>1 A It would have been our procurement people.</p> <p>2 They would have established the contract.</p> <p>3 Q And who was that?</p> <p>4 A Ed Terres is the WECTEC purchasing</p> <p>5 manager. So it probably would have been something</p> <p>6 through his group.</p> <p>7 Q How do you spell his last name?</p> <p>8 A T-E-R-R-E-S.</p> <p>9 Q During the August 2014 schedule workshop,</p> <p>10 do you recall whether Westinghouse projected that it</p> <p>11 could reach a 1.15 productivity factor in six</p> <p>12 months?</p> <p>13 A 1.15?</p> <p>14 Q Right.</p> <p>15 A Right. So the 1.15 was the nominal that</p> <p>16 we believed was achievable, yeah. And that's a</p> <p>17 performance factor, not a productivity factor.</p> <p>18 Q What's the difference between those two?</p> <p>19 A They just call that the performance</p> <p>20 factor; so it's not to be confused with</p> <p>21 productivity.</p> <p>22 Q What does performance factor measure that</p> <p>23 productivity doesn't?</p> <p>24 A So if you had a 1.0 performance factor,</p> <p>25 that means that you're performing at what you had</p>	<p style="text-align: right;">Page 86</p> <p>1 the V.C. Summer site for the Westinghouse</p> <p>2 construction. So we demob'd that site and I shipped</p> <p>3 the construction equipment for auction. So the</p> <p>4 construction equipment has been auctioned. We still</p> <p>5 have a couple of things left on-site, like the HLD</p> <p>6 and the batch plant that we're planning to also</p> <p>7 auction off at some point.</p> <p>8 So right now I'm the last guy badged at</p> <p>9 V.C. Summer from Westinghouse.</p> <p>10 Q But you no longer physically work out of</p> <p>11 V.C. Summer; is that right?</p> <p>12 A No. I make periodic trips.</p> <p>13 Q When did you leave the plant from working</p> <p>14 there on a full-time basis?</p> <p>15 A It would have been the -- what is it now?</p> <p>16 I believe it was -- I don't have the date offhand,</p> <p>17 but I think it was June 1st is when we actually made</p> <p>18 that transition.</p> <p>19 Q June 1st of 2018?</p> <p>20 A Yes.</p> <p>21 Q This year?</p> <p>22 A Right.</p> <p>23 Q Were you in touch with SCE&G about their</p> <p>24 estimates to complete that they performed after</p> <p>25 Westinghouse rejected the contract?</p>
<p style="text-align: right;">Page 85</p> <p>1 planned. Okay. So because of the complexity of the</p> <p>2 buildings, et cetera, the plan was to use a</p> <p>3 performance factor of 1.15. And as long as you met</p> <p>4 1.15, you were on plan.</p> <p>5 Q And how is that different than a</p> <p>6 productivity factor? Because I thought they were</p> <p>7 the same.</p> <p>8 A They call it performance factor. That's</p> <p>9 all I can tell you.</p> <p>10 Q Okay. Who from SCE&G did you interact</p> <p>11 with the most while you were on the project?</p> <p>12 A It would have been their construction</p> <p>13 folks, so Alan Torres, Kyle Young, people in Kyle's</p> <p>14 group.</p> <p>15 Q How often did you interact with them?</p> <p>16 A Daily.</p> <p>17 Q Are you still a Westinghouse employee?</p> <p>18 A Yes.</p> <p>19 Q What's your current position?</p> <p>20 A Director of Operations. [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 Q And has that been your role ever since you</p> <p>24 left the project?</p> <p>25 A No. We -- my role was actually to demob</p>	<p style="text-align: right;">Page 87</p> <p>1 A Repeat that, please.</p> <p>2 Q Sure.</p> <p>3 Were you involved with SCE&G's work in</p> <p>4 determining an estimate to complete schedule in</p> <p>5 2017, after Westinghouse rejected the contract?</p> <p>6 MR. SCHALK: Form.</p> <p>7 THE WITNESS: No, I was not.</p> <p>8 BY MR. COX:</p> <p>9 Q Did you ever hear that SCE&G was critical</p> <p>10 of the schedule that Westinghouse had at that time?</p> <p>11 MR. SCHALK: Form.</p> <p>12 MR. KEEL: Same.</p> <p>13 THE WITNESS: No.</p> <p>14 BY MR. COX:</p> <p>15 Q Were you ever involved in the work at the</p> <p>16 Vogtle plant construction?</p> <p>17 MR. SCHALK: Form.</p> <p>18 THE WITNESS: No. We do -- we do some</p> <p>19 minimal work with the Vogtle plant, but no, not</p> <p>20 primarily.</p> <p>21 BY MR. COX:</p> <p>22 Q Are you aware of any differences in how</p> <p>23 the Southern Company supervises the work at Vogtle</p> <p>24 versus how SCE&G supervised the work at V.C. Summer?</p> <p>25 A No, I wouldn't have any knowledge of that.</p>

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<p>1 MR. COX: Thank you for your time, 2 Mr. Magnarelli. I have no further questions. 3 I believe my colleagues do. 4 THE WITNESS: All right. Thanks. 5 MR. NELSON: Could we ask again that the 6 deponent speak more loudly? 7 THE WITNESS: Okay. 8 - - - 9 EXAMINATION 10 - - - 11 BY MR. EVANS: 12 Q Good morning, Mr. Magnarelli. I'm Jerry 13 Evans, and I represent a class of plaintiff 14 ratepayers in this case. And I also thank you for 15 giving us your time to be here today. 16 I want to ask a couple of terms you used 17 in your testimony. You said at the period that 18 Fluor took over some of the responsibilities of Shaw 19 and CB&I, that Westinghouse maintained 20 responsibility for primary equipment installation, 21 correct? 22 A Correct. 23 Q Define for me "primary equipment." 24 A It would actually be the nuclear circuit. 25 Okay. So the heart of the plant, it would be like</p>	<p>1 been the nuclear island civil work. 2 Q And are you aware of any particular steps 3 that SCE&G took to mitigate the civil work problems? 4 A No, there wasn't -- I think any -- any 5 issues that came up, it was kind of a joint effort. 6 Like I said before, on these mitigation strategies 7 and the meetings between the consortium and the 8 owner, that mitigation strategies were developed to 9 address issues. However, there were just certain 10 issues that -- that the constructor was having 11 trouble with, concrete placements, for instance. 12 And then there was the issue associated with the 13 complexity of the rebar patterns and actually, you 14 know, making sure that everything fit. 15 So it -- it wasn't as straightforward, I 16 think, as the constructor had originally planned. 17 So it was a bit more complex than your straight 18 structural steel building or something like that, or 19 reinforced concrete building. 20 Q And was it your understanding that SCE&G 21 was fully aware of these construction problems as 22 they were happening? 23 A Yes. Yes. 24 Q You mentioned a scheduling workshop in 25 August 2014.</p>
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<p>1 the reactor vessel, the steam generators, the 2 pressurizer, PRH, our heat exchanger, reactor 3 cooling piping. It would actually be probably the 4 most important equipment that goes into the plant. 5 Q And what about other construction-type 6 equipment, like cranes, for example? Would that 7 have been Westinghouse's responsibility or -- 8 A Well, cranes, like the polar crane that 9 were down in containment, that would have been our 10 responsibility. But just normal construction 11 cranes, that would have been the constructor's role. 12 Q Which would have been Shaw and CB&I? 13 A Shaw/CB&I and Fluor. 14 Q And then Fluor? 15 A Right. 16 Q Another term you used, when talking about 17 productivity issues, you cited one of the causes, 18 that the civil work was underestimated. 19 What's your definition of the "civil 20 work"? 21 A Civil work is the actual structure itself. 22 So in other words, it would have been the aux 23 building, auxiliary building, annex building. For 24 the nuclear island, it would have been containment, 25 and then the shield building. So that would have</p>	<p>1 A Right. 2 Q Whose idea was it to have that workshop? 3 A I think it was mutually agreed upon 4 between the consortium and the owner. 5 Q Do you remember anyone in particular who 6 was responsible for planning or setting up the 7 workshop? 8 A Well, Kyle Young from SCANA was probably 9 the point person, and Terry Elam from our side was 10 the point person on that. 11 I know in the initial first few days, we 12 had a lot of people in the room at management level. 13 Like Alan Torres probably would have been in there 14 on the first day. There were some senior managers 15 in there on the first few days of the scheduling 16 workshop, and then it was left up to their designees 17 to complete the effort. 18 Q You mentioned an amount of equipment that 19 had to be stored in warehouses offsite. Was there 20 an inventory done of that equipment? 21 A Yes. 22 Q Okay. So were you fully aware of where 23 equipment was, what it would take to get it into 24 service, and who would be responsible for getting 25 it?</p>

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<p>1 A Right.</p> <p>2 MR. SCHALK: Form.</p> <p>3 THE WITNESS: That was all recorded.</p> <p>4 BY MR. EVANS:</p> <p>5 Q At some point in 2016, were you</p> <p>6 responsible for heading up an inventory of</p> <p>7 equipment?</p> <p>8 A That wasn't me, but it was -- we had some</p> <p>9 involvement. The person that actually was the point</p> <p>10 person on that was a gentleman by the name of Tony</p> <p>11 Boone, and he was actually in my group.</p> <p>12 So -- so that whole planning organization</p> <p>13 that I had talked about before, those were</p> <p>14 essentially people that went out and captured the</p> <p>15 inventory and the status of the project of where it</p> <p>16 stood right at that point from a construction</p> <p>17 perspective.</p> <p>18 Q What was the need for -- for an inventory</p> <p>19 assessment in 2016 that was different from before?</p> <p>20 A The inventory assessment in 2016 was to</p> <p>21 actually calculate how much had been installed in</p> <p>22 the -- in the units. So it was not only doing the</p> <p>23 inventory of where the equipment was, just to verify</p> <p>24 the equipment, but it was also how much rebar had</p> <p>25 been installed, how much embedment plates.</p>	<p>1 A No. We had planned to put it in the</p> <p>2 plant.</p> <p>3 Q A number of documents have been produced</p> <p>4 in this litigation, and we've seen a number of</p> <p>5 presentations that are made. And a couple of them</p> <p>6 have your name on them.</p> <p>7 A Great.</p> <p>8 Q So I wanted to ask you a question.</p> <p>9 What is the advanced constructibility</p> <p>10 program?</p> <p>11 A Yeah. So this is the planning effort that</p> <p>12 I had talked about before. When I got to the</p> <p>13 project, there really wasn't a lot of lookahead from</p> <p>14 a construction planning standpoint. So we -- we</p> <p>15 established a strategic planning team, is what the</p> <p>16 organization was called. And that strategic</p> <p>17 planning team then morphed into this planning group</p> <p>18 that actually did the construction planning effort,</p> <p>19 as well as refine the work control processes.</p> <p>20 So we actually took the procedures --</p> <p>21 there were nine procedures that you had to adhere to</p> <p>22 from a work package preparation standpoint. And we</p> <p>23 basically scaled that down into one procedure that</p> <p>24 you had to use versus the nine. So it was things</p> <p>25 like that for enhancements, efficiencies.</p>
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<p>1 It was to get some percent complete and</p> <p>2 have a good handle on that percent complete, if</p> <p>3 that's the effort that you're talking about. My</p> <p>4 dates, 2016, it was about that time frame that they</p> <p>5 went through this effort. And it was a major effort</p> <p>6 to do that. So that's my recollection, 2016, is the</p> <p>7 approximate time for that.</p> <p>8 There was also -- there was also material</p> <p>9 inventory going on at all the warehouses and in all</p> <p>10 the tents, et cetera. And I can't -- can't remember</p> <p>11 the dates on that, so I'm not sure exactly what</p> <p>12 you're talking about in 2016. They both might have</p> <p>13 overlapped.</p> <p>14 Q Well, about how long did this inventory</p> <p>15 process take?</p> <p>16 A Okay. So the inventory process that I was</p> <p>17 talking about, to see how much had actually been</p> <p>18 installed in the plant, was weeks. Not -- not</p> <p>19 several months, but it was actually weeks.</p> <p>20 Q Six weeks? Eight weeks?</p> <p>21 A I would say between four to six, somewhere</p> <p>22 in that range.</p> <p>23 Q As part of the inventory assessment, was</p> <p>24 there any attempt to reduce the amount of equipment</p> <p>25 that was either on-site or in storage?</p>	<p>1 As far as the planning team, they did</p> <p>2 reviews of just how the building should be</p> <p>3 constructed. And they kind of laid it out step by</p> <p>4 step, what you should be installing first, second,</p> <p>5 third, et cetera. So the strategic planning team</p> <p>6 would identify that, but then this advanced</p> <p>7 constructibility review team would also look to see</p> <p>8 if what the design -- the design provided was</p> <p>9 actually constructible, and then what information we</p> <p>10 could give the constructor that would help them in</p> <p>11 constructing.</p> <p>12 So -- and I'll just give you an example.</p> <p>13 So they had spacing on rebar. Okay. But that</p> <p>14 spacing on rebar would have been a problem, because</p> <p>15 if you laid it out from one end, which typically</p> <p>16 constructors will do, and then go all the way across</p> <p>17 the face of the wall, you would have run into</p> <p>18 interferences in the middle of the wall because</p> <p>19 there's other embedments, et cetera.</p> <p>20 So that group would have said, "Hey, you</p> <p>21 have to lay out your rebar pattern on either side of</p> <p>22 these embedments, and then that way you won't have</p> <p>23 the issues associated with the misalignment and</p> <p>24 interferences." That would have been the group that</p> <p>25 would have done something like that.</p>

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<p>1 Q And was this advanced constructibility</p> <p>2 program -- was it implemented?</p> <p>3 A It was.</p> <p>4 Q And do you think it solved problems?</p> <p>5 A We got through the pilot program, and that</p> <p>6 showed benefits. And then we instituted it</p> <p>7 projectwide. And I think the fact that it wasn't</p> <p>8 totally bought into by the constructor might have</p> <p>9 been -- might have been part of the reason that we</p> <p>10 didn't fully realize what it could have done.</p> <p>11 Q Did anyone from SCE&G have any involvement</p> <p>12 in the advanced constructibility program?</p> <p>13 A They -- they were aware of it. Did they</p> <p>14 actually sit in that group? I don't think that they</p> <p>15 were actually part of the group. You know, they</p> <p>16 were obviously involved in knowing that strategic</p> <p>17 planning was going on, advanced constructibility.</p> <p>18 We also had a group that did Tekla</p> <p>19 modeling. That's a software program that would</p> <p>20 actually model rebar patterns to make sure that</p> <p>21 things were going to line up and not interfere with</p> <p>22 each other. So that effort was ongoing to help the</p> <p>23 constructor actually gain some efficiencies.</p> <p>24 Q And was SCE&G aware of the constructor --</p> <p>25 I think this was your term -- not fully buying into</p>	<p>1 I've been informed we need to make a tape</p> <p>2 change. So let's do that now.</p> <p>3 THE WITNESS: Oh, okay.</p> <p>4 THE VIDEOGRAPHER: This ends disk 1. The</p> <p>5 time is 11:10 a.m. We are off the record.</p> <p>6 (Recess in the proceedings from 11:10</p> <p>7 to 11:12.)</p> <p>8 THE VIDEOGRAPHER: Here begins disk number</p> <p>9 2 in today's deposition of Dan Magnarelli. The</p> <p>10 time is 11:12 a.m. We're back on the record.</p> <p>11 Please proceed.</p> <p>12 BY MR. EVANS:</p> <p>13 Q Mr. Magnarelli, another -- another topic</p> <p>14 that I see your name attached to in the documents is</p> <p>15 something called a Bluefin 16.0 Construction & Site</p> <p>16 Management Work Stream. Are you familiar with that?</p> <p>17 A Yes.</p> <p>18 Q In general, could you describe to me</p> <p>19 what -- what this is?</p> <p>20 A That -- is that the one that was done in</p> <p>21 The Woodlands or is that the one that was done in --</p> <p>22 could I actually see the document so I know what I'm</p> <p>23 talking about?</p> <p>24 Q (Handing.)</p> <p>25 MR. SCHALK: Actually, can I take a look?</p>
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<p>1 this?</p> <p>2 A You know, we talked about it. The</p> <p>3 constructor -- and it's a mindset with the</p> <p>4 constructor that if you're going to get them to</p> <p>5 think in these terms, you should probably have</p> <p>6 started at the project inception.</p> <p>7 But these -- the constructor was</p> <p>8 essentially just dealing with day-to-day issues.</p> <p>9 And they just wanted to see -- wanted to face what</p> <p>10 was, you know, really staring them in the face.</p> <p>11 So these things were really planning. So</p> <p>12 they were out further than just, you know, their</p> <p>13 day-to-day activities.</p> <p>14 Q I think you -- in your earlier testimony,</p> <p>15 you described the constructors and Westinghouse as</p> <p>16 having divergent goals; is that correct?</p> <p>17 A Uh-huh.</p> <p>18 Q Is that an example you were just talking</p> <p>19 about of seeing the immediate need?</p> <p>20 A No. I think at that point, you know, we</p> <p>21 were all one team at that point. But I think the</p> <p>22 original contract setup was what I was talking about</p> <p>23 before. And that contract setup just kind of lends</p> <p>24 itself to people having different goals and purpose.</p> <p>25 MR. EVANS: I don't have much more, but</p>	<p>1 Are you attaching this or just using it?</p> <p>2 MR. EVANS: No. I just have a general</p> <p>3 question.</p> <p>4 MR. KEEL: Let's at least read the Bates</p> <p>5 into the record.</p> <p>6 MR. EVANS: Sure.</p> <p>7 MR. SCHALK: Just go from there</p> <p>8 (indicating). You can give that back.</p> <p>9 THE WITNESS: Okay. Yeah, this was -- we</p> <p>10 were in Columbia, actually, setting up the</p> <p>11 construction piece of this Bluefin effort.</p> <p>12 So this -- you know, we had broken down</p> <p>13 the Bluefin. That was the project name before</p> <p>14 we actually transitioned in January of 2016 to</p> <p>15 where Westinghouse took over. And this was in</p> <p>16 preparation of that takeover, how we were going</p> <p>17 to transition and make improvements to the</p> <p>18 construction segment of the project. And</p> <p>19 that's why you'll see that these were the</p> <p>20 things that were identified on here. This</p> <p>21 construction site management, these were the</p> <p>22 areas that we were actually trying to go make</p> <p>23 improvements on.</p> <p>24 So we had that discussion. It was a group</p> <p>25 effort between Fluor and Westinghouse. And we</p>

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<p>1 did have SCANA representation, as well. So</p> <p>2 people were involved with this. I know Kyle</p> <p>3 Young was down in Columbia. And I think there</p> <p>4 was a gentleman that worked for Kyle -- I can't</p> <p>5 remember his name offhand right now -- who</p> <p>6 actually sat on this team.</p> <p>7 BY MR. EVANS:</p> <p>8 Q And so this is a program or plan that was</p> <p>9 implemented?</p> <p>10 A Yes. We went through and created the</p> <p>11 functional area assessments for all of these. And</p> <p>12 there were 31 functional area assessments</p> <p>13 identified. We went through and actually executed</p> <p>14 about 15 of those. And these were all included --</p> <p>15 these were included in all of that.</p> <p>16 Q And do you believe that as a result of</p> <p>17 implementing those plans, there was improved</p> <p>18 productivity on the project?</p> <p>19 A Yeah. I mean, a lot of these don't deal</p> <p>20 with productivity per se, because you would have had</p> <p>21 facilities, construction facilities and equipment,</p> <p>22 you know. So it's not necessarily productivity</p> <p>23 improvement.</p> <p>24 But things like on the welding program,</p> <p>25 there were a number of improvements made to the</p>	<p>1 Westinghouse, and relayed to the owner, reported to</p> <p>2 the owner that we were not going to go down that</p> <p>3 path.</p> <p>4 Q Did the owner react in any way to your</p> <p>5 decision not to go down that path?</p> <p>6 A I don't recall any negative feedback on</p> <p>7 that, because the areas that we weren't going to</p> <p>8 resource load, you know, weren't really the primary</p> <p>9 areas of critical path representation for the</p> <p>10 project.</p> <p>11 Q May I?</p> <p>12 A Yes (handing).</p> <p>13 MR. KEEL: Can you just read those two</p> <p>14 pages?</p> <p>15 MR. EVANS: The witness was referring to a</p> <p>16 document that has the following Bates number,</p> <p>17 SCANA_RP0274251.</p> <p>18 And I'm happy to make this an exhibit. I</p> <p>19 just didn't have another copy of it.</p> <p>20 MR. KEEL: Up to you.</p> <p>21 BY MR. EVANS:</p> <p>22 Q I just wanted to ask you a couple of terms</p> <p>23 that were used in here. There's a phrase in here</p> <p>24 called one-by-four planning. Are you familiar with</p> <p>25 that?</p>
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<p>1 welding program. Rigging and handling, we</p> <p>2 simplified the processes of rigging and handling.</p> <p>3 The subcontracting plan was also reviewed; and kind</p> <p>4 of streamlined the subcontracting plan, as well.</p> <p>5 So these areas were addressed. They were</p> <p>6 contained in functional area assessments, written up</p> <p>7 as to what the recommendations would be going</p> <p>8 forward. And there were -- some of those</p> <p>9 recommendations were actually carried out; some were</p> <p>10 not.</p> <p>11 Q Okay. What's an example of a</p> <p>12 recommendation that was not carried out?</p> <p>13 A So it would have been, like, the resource</p> <p>14 plan. So the resource plan. So we had a resource</p> <p>15 plan, but it wasn't loaded into the schedule fully.</p> <p>16 Right? Like what we explained before, there was a</p> <p>17 gap in that. And we wouldn't have carried that out</p> <p>18 to completion.</p> <p>19 So that was something we felt that wasn't</p> <p>20 really worthwhile to spend the extra effort to get</p> <p>21 that detail, so we would not have carried that back</p> <p>22 end of that out.</p> <p>23 Q And who decided that that would not have</p> <p>24 been worth the effort?</p> <p>25 A It's decided between the constructor,</p>	<p>1 A Yes.</p> <p>2 Q Define that for me.</p> <p>3 A It's essentially kind of a fleetwide</p> <p>4 approach. So we had four plants that were under</p> <p>5 construction, two at Vogtle, two at Summer.</p> <p>6 So, you know, if there was, say, an</p> <p>7 engineering design change or if there was a</p> <p>8 procurement strategy where we could gain the benefit</p> <p>9 by, say, buying for four plants versus one, then,</p> <p>10 you know, that would be an efficiency.</p> <p>11 So it was -- one-by-four planning was the</p> <p>12 title of the functional area, and it represented</p> <p>13 that we would be doing one thing for all four</p> <p>14 plants.</p> <p>15 Q How was that a change from how you had</p> <p>16 been managed before?</p> <p>17 MR. SCHALK: Form.</p> <p>18 MR. KEEL: Same.</p> <p>19 THE WITNESS: Okay. So -- so I'll just</p> <p>20 give you an example of work packages. Right?</p> <p>21 Vogtle had their way of doing it. Summer had</p> <p>22 their way of doing it. We skinned that all</p> <p>23 down to a way to do it.</p> <p>24 So that's where, I think, both sites</p> <p>25 gained some efficiency in the scaled-down work</p>

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<p>1 package process.</p> <p>2 BY MR. EVANS:</p> <p>3 Q And included in the goals in this Bluefin</p> <p>4 project were the 3 percent a month completion rate;</p> <p>5 is that correct?</p> <p>6 A Right.</p> <p>7 Q And I believe you testified earlier, that</p> <p>8 was never achieved?</p> <p>9 A Correct.</p> <p>10 Q I think the best you said you achieved was</p> <p>11 about 1 and a half?</p> <p>12 A That's my recollection.</p> <p>13 Q Okay. And, of course, SCE&G was fully</p> <p>14 aware of that level of progress, correct?</p> <p>15 A Correct.</p> <p>16 Q Did you have -- in your work on the</p> <p>17 project, did you have any direct involvement with</p> <p>18 folks from Toshiba?</p> <p>19 A We did. We had Toshiba representatives</p> <p>20 for the turbine generator. And they -- they kind of</p> <p>21 annexed a group that was responsible for the turbine</p> <p>22 generator installation. So we had that group</p> <p>23 on-site. They were at one point five, and then it</p> <p>24 went to four. So there were four individuals from</p> <p>25 Toshiba.</p>	<p>1 the questions I have.</p> <p>2 I will -- since we ended up discussing</p> <p>3 this document, I will make this an exhibit.</p> <p>4 - - -</p> <p>5 (Bluefin 16.0 Construction & Site</p> <p>6 Mgmt. Work Stream, SCANA_RP274251-274264,</p> <p>7 marked Magnarelli Exhibit Number 1 for</p> <p>8 identification.)</p> <p>9 - - -</p> <p>10 MR. COX: I never entered the other one,</p> <p>11 so it should be Number 1.</p> <p>12 MR. KEEL: Do you want both of these,</p> <p>13 Jerry?</p> <p>14 MR. EVANS: Just this one.</p> <p>15 - - -</p> <p>16 EXAMINATION</p> <p>17 - - -</p> <p>18 BY MR. KEEL:</p> <p>19 Q Mr. Magnarelli, we met just before your</p> <p>20 deposition, but, again, my name is Brandon Keel. I</p> <p>21 represent SCE&G and SCANA in these matters. I want</p> <p>22 to thank you for your time here. I just have a few</p> <p>23 more questions for you. Okay?</p> <p>24 A Sure.</p> <p>25 Q So I believe you testified in response to</p>
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<p>1 There was also some Toshiba folks that</p> <p>2 were actually stationed down in Vogtle that would,</p> <p>3 you know, review schedules and offer their input</p> <p>4 into it. We also had one of the Toshiba personnel</p> <p>5 that switched to Westinghouse eventually, but he was</p> <p>6 actually part of the planning team, as well.</p> <p>7 Q Were they on-site for the whole time that</p> <p>8 you were there?</p> <p>9 MR. SCHALK: Form.</p> <p>10 THE WITNESS: Well, I think the Toshiba</p> <p>11 folks came when it was necessary for the</p> <p>12 turbine generator installation, but they were</p> <p>13 there prior to that, too.</p> <p>14 The Toshiba folks that I was talking about</p> <p>15 planning, et cetera, those were assigned to the</p> <p>16 Vogtle site. So they would come over here</p> <p>17 periodically, but they were actually assigned</p> <p>18 to Vogtle.</p> <p>19 BY MR. EVANS:</p> <p>20 Q Were Toshiba folks involved in the design</p> <p>21 elements of the AP1000?</p> <p>22 A From the turbine system side, yes.</p> <p>23 Q For the turbine system side?</p> <p>24 A Yeah.</p> <p>25 MR. EVANS: Thank you, sir. That's all</p>	<p>1 Mr. Cox's questioning that you first started on the</p> <p>2 Summer project in March of 2013; is that right?</p> <p>3 A Correct.</p> <p>4 Q And you stayed through the project</p> <p>5 until -- through Westinghouse's bankruptcy filing;</p> <p>6 is that right?</p> <p>7 MR. SCHALK: Form.</p> <p>8 THE WITNESS: No, longer than that.</p> <p>9 Actually, the bankruptcy filing was in March.</p> <p>10 The shutdown was the end of July. And then I</p> <p>11 stayed there to demobilize the site, which was</p> <p>12 extended into 2018.</p> <p>13 BY MR. KEEL:</p> <p>14 Q Okay. And throughout your time working on</p> <p>15 the project, did you always perform your job</p> <p>16 responsibilities to the best of your ability?</p> <p>17 A Yes.</p> <p>18 Q Throughout your time working on the</p> <p>19 project, did you always communicate information</p> <p>20 honestly and completely?</p> <p>21 A Yes.</p> <p>22 Q And you've talked about various schedules</p> <p>23 that you were aware of throughout the time that you</p> <p>24 were working on the project.</p> <p>25 Did you always believe, at the time that</p>

<p style="text-align: right;">Page 108</p> <p>1 those schedules were proposed, that they were</p> <p>2 achievable?</p> <p>3 A Yes; hard, but achievable.</p> <p>4 Q Did you always believe that Westinghouse</p> <p>5 was committed to doing everything it could to meet</p> <p>6 those scheduling projections?</p> <p>7 A Yes.</p> <p>8 Q And to the extent that there were delays</p> <p>9 in the project for various reasons, Westinghouse was</p> <p>10 committed to various mitigation strategies in an</p> <p>11 effort to meet the projected schedules, correct?</p> <p>12 A Correct.</p> <p>13 Q You are aware that the project was being</p> <p>14 billed pursuant to an Engineering, Procurement and</p> <p>15 Construction Contract, correct?</p> <p>16 A Uh-huh.</p> <p>17 Q Yes?</p> <p>18 A Yes.</p> <p>19 Q Sorry. She can't take down "uh-huhs."</p> <p>20 A Yeah. No shakes.</p> <p>21 Q And is it your understanding that under</p> <p>22 the terms of that agreement, the consortium was</p> <p>23 solely responsible for all means of construction?</p> <p>24 MR. SCHALK: Form.</p> <p>25 THE WITNESS: Yes. There was some scope</p>	<p style="text-align: right;">Page 110</p> <p>1 Q And how would you describe Westinghouse's</p> <p>2 role in the nuclear industry historically?</p> <p>3 A Historically, they -- they're the brand</p> <p>4 name, so they've got a history of successful</p> <p>5 operations and supply of equipment and engineering</p> <p>6 backup to all that equipment. So it's a pretty</p> <p>7 well-known and respected name in the industry.</p> <p>8 Q You understand that -- is it your</p> <p>9 understanding that Westinghouse is considered the</p> <p>10 global leader in nuclear technology fields and</p> <p>11 services?</p> <p>12 A Correct.</p> <p>13 Q And Westinghouse is a leading supplier of</p> <p>14 nuclear plant products and technologies to utilities</p> <p>15 throughout the world; is that correct?</p> <p>16 A Correct.</p> <p>17 Q And from my understanding, Westinghouse</p> <p>18 supplied the world's first commercial pressurized</p> <p>19 water reactor; is that right?</p> <p>20 A Correct.</p> <p>21 Q And today Westinghouse technology is the</p> <p>22 basis for approximately one half of the world's</p> <p>23 operating nuclear plants; is that correct?</p> <p>24 A I don't know that offhand, but it sounds</p> <p>25 right.</p>
<p style="text-align: right;">Page 109</p> <p>1 of work that the owner decided to do on their</p> <p>2 own. Right? But other than those owner scopes</p> <p>3 of work, it was up to the consortium to perform</p> <p>4 the remainder of the project.</p> <p>5 BY MR. KEEL:</p> <p>6 Q Do you know what specific scopes of work</p> <p>7 the owner decided to do on its own?</p> <p>8 A I'm thinking, like, the OWS system, they</p> <p>9 had some involvement for the treatment plant that</p> <p>10 they were using their own folks with. There was a</p> <p>11 couple of small segments that they had carved out</p> <p>12 that they would continue with.</p> <p>13 Q But for the bulk of the project, your</p> <p>14 understanding is that the consortium was responsible</p> <p>15 for --</p> <p>16 A Yes.</p> <p>17 Q -- construction?</p> <p>18 A Yes.</p> <p>19 Q And the consortium was also responsible</p> <p>20 for procuring the materials for construction?</p> <p>21 A Correct.</p> <p>22 Q I want to talk a little bit about</p> <p>23 Westinghouse for a minute. You've been with</p> <p>24 Westinghouse now for how long?</p> <p>25 A Since March 1st, 2013.</p>	<p style="text-align: right;">Page 111</p> <p>1 Q And Westinghouse designed the AP1000</p> <p>2 nuclear power plants that we have been talking about</p> <p>3 here today; is that right?</p> <p>4 A Correct.</p> <p>5 Q Is it your understanding that the AP1000</p> <p>6 is the safest and most economical nuclear power</p> <p>7 plant available in the worldwide commercial</p> <p>8 marketplace today?</p> <p>9 A That's my opinion.</p> <p>10 Q And I assume Westinghouse spent years</p> <p>11 developing the AP1000?</p> <p>12 A True.</p> <p>13 Q How long, do you know -- how long did the</p> <p>14 company spend developing the AP1000 design?</p> <p>15 MR. COX: Object to the form.</p> <p>16 THE WITNESS: To the extent I know, I just</p> <p>17 know that the development has been 15, 20 years</p> <p>18 on this AP1000 project.</p> <p>19 BY MR. KEEL:</p> <p>20 Q And the AP1000 design was certified by the</p> <p>21 U.S. Nuclear Regulatory Commission?</p> <p>22 A Correct.</p> <p>23 Q And the design works, doesn't it?</p> <p>24 A It does. There's operating plants in</p> <p>25 China.</p>

1 Q I believe I saw a press release today that
 2 the first AP1000 is now in commercial operation in
 3 China; is that right?
 4 A Correct.
 5 Q And how many AP1000 plants are being built
 6 around the world today?
 7 A So there's two at Vogtle, and then it's
 8 the China plants.
 9 Q Is Westinghouse proposing to build other
 10 AP1000s in different areas around the world?
 11 A We are.
 12 Q Do you know how many other AP1000 plants
 13 Westinghouse is planning to build?
 14 A It's just -- you know, we're in the
 15 proposal stage, the bidding phase; so, you know,
 16 that's open-ended.
 17 Q Would you agree with me that nobody knows
 18 more about the AP1000 than Westinghouse?
 19 A Correct.
 20 Q And would you agree that that has been
 21 true since the day that the AP1000 design was first
 22 created?
 23 A I believe that's true, yes.
 24 Q At the time of the EPC amendments in
 25 October 2015, did you understand that Westinghouse

1 was committing to build the plants pursuant to new
 2 guaranteed substantial completion dates?
 3 A Correct.
 4 Q Was it your understanding that
 5 Westinghouse was committed at that time to building
 6 those plants in accordance with that schedule?
 7 A Correct.
 8 Q Do you believe that Westinghouse did
 9 everything it could to meet that schedule?
 10 A Yes, we tried. Yes.
 11 Q And then ultimately, Westinghouse decided
 12 to file bankruptcy, right?
 13 A Uh-huh.
 14 Q Yes?
 15 A Yes.
 16 Q Do you know what changed, from the time of
 17 the EPC amendment until the time of the filing of
 18 bankruptcy, that caused Westinghouse to conclude
 19 that it no longer wanted to try to fulfill the
 20 obligations of the contract?
 21 MR. SCHALK: Form.
 22 THE WITNESS: I can't answer that.
 23 BY MR. KEEL:
 24 Q You were not involved in any discussions
 25 about --

1 A No, I wasn't.
 2 Q -- why --
 3 MR. SCHALK: Let him just finish.
 4 BY MR. KEEL:
 5 Q You were not involved in any discussions
 6 about why Westinghouse was seeking bankruptcy
 7 protection at the time it did?
 8 A I wasn't involved in that.
 9 Q And you had no expectation that
 10 Westinghouse was going to seek bankruptcy protection
 11 prior to your being informed shortly before the
 12 filing; is that fair?
 13 A That's correct.
 14 Q You mentioned certain interactions that
 15 you were involved in with the ORS about the status
 16 of the project.
 17 A Uh-huh.
 18 Q Correct?
 19 A True.
 20 Q I believe you said that there were monthly
 21 meetings with the ORS and -- and what was the other?
 22 A There were several specific meetings we
 23 had with them to discuss the results of the
 24 functional area assessments.
 25 Q I know you didn't talk about all -- or you

1 didn't attend all of the monthly meetings with the
 2 ORS, but do you know what information was conveyed
 3 to the ORS during those meetings from the ones you
 4 did attend?
 5 A Yeah. From the ones I did attend, it was
 6 basically the status of the plant, and then the, you
 7 know, the construction progress.
 8 But then it was also to address any issues
 9 that were raised by ORS so that via an open
 10 discussion between ORS and site management as to,
 11 you know, any issues or concerns that ORS had, you
 12 know, going forward.
 13 Q And so those discussions with the ORS
 14 about the status of the project, would those
 15 disclose performance factors and things of that
 16 nature?
 17 A Yeah -- yes. I believe we would have
 18 talked about it if it was specifically asked.
 19 However, the -- you know, the data that, on the
 20 performance and percent complete and all that, that
 21 was typically reserved for the project review
 22 meeting, which was once a month. And I believe the
 23 ORS was invited. You know, my understanding is they
 24 were invited; so that data would have been available
 25 to them.

1 Q Okay. Your understanding is the same data
2 for the project review meetings was available to the
3 ORS; is that right?
4 A Uh-huh. That's correct.
5 Q And you also mentioned one-off
6 conversations you may have had with ORS personnel
7 on-site. How often was the ORS on-site?
8 A It varied, you know. So we would see one,
9 potentially two representatives from the ORS on-site
10 on a pretty frequent basis, maybe one or two days a
11 week. But the -- the actual presence on-site every
12 day, I didn't observe that, so I can't -- I can't
13 say that they were there all the time.
14 Q But at least on a weekly basis, from
15 your --
16 A Yes.
17 Q -- observations?
18 A Yes. You know, they were kind of camped
19 out at the entrance to the plant site. So I -- you
20 know, unless they were actually walking by up at the
21 construction site, I wouldn't have -- I wouldn't
22 have interacted.
23 Q To the extent that you provided any
24 information to the ORS about the project, did you
25 always do so honestly and completely?

1 A Correct.
2 Q Was the information that was provided to
3 the ORS about the status of the project consistent
4 with what was provided to the owners?
5 A Yes.
6 Q Do you recall -- or scratch that.
7 Were you present at a meeting with the
8 ORS, in August of 2016, that related to a PSC
9 proceeding for the election of the fixed price
10 option?
11 A I was not present.
12 Q Did you ever have any interaction with
13 Gary Jones from the ORS?
14 A Gary Jones. Maybe, but I don't recognize
15 the name.
16 Q Fair enough.
17 I want to talk a little bit about the
18 process that went into developing schedules for the
19 project. How would you describe the amount of
20 effort that the consortium put in to developing the
21 schedules for the project?
22 A Quite a bit of effort. Quite a bit of
23 effort. And I think it was actually joint because
24 the input not only came from the consortium side,
25 but it was also being looked at from the owners'

1 side, as well. So I think there was a lot of mutual
2 input into the schedule itself.
3 But from a resource and, you know,
4 workload effort side, it was quite a bit of work
5 that was required to generate and maintain the
6 schedule.
7 Q Do you know, roughly, how many people from
8 the consortium side were involved in scheduling for
9 the project?
10 A I wouldn't guess, but that's a question
11 for Terry because he was manager of the group, and
12 there was a lot of people.
13 Q Do you know, roughly, how long -- how much
14 time it takes to put together a reliable schedule
15 for a nuclear project of this size?
16 MR. SCHALK: Form.
17 THE WITNESS: In my opinion, just it
18 evolves. So it's a long, lengthy process to
19 get it to where you actually have -- believe
20 that you have created an efficient schedule and
21 a plan to execute the project. So it is a
22 lengthy process to get to that point.
23 BY MR. KEEL:
24 Q Would that process require dozens of
25 people?

1 A It would.
2 Q Would it be years or months? How long are
3 we talking?
4 A The initial would be months. But that
5 gets refined over the period going forward.
6 So, I mean, the schedule develops as you
7 get closer to, you know, your construction start
8 date. And to evolve that schedule over time, you
9 know, a lot of these projects are laid out in the
10 bidding phase with a -- a schedule that will morph
11 over time to become extremely detailed before that
12 construction period actually starts.
13 So some of these projects go months -- I
14 mean, the development goes months; some of these are
15 years.
16 Q Now, the same sort of questions about the
17 estimates for how much cost it would -- what the
18 cost would be to complete the project. Could you
19 describe, roughly, how much effort or resources go
20 into that analysis?
21 A From the ETC side?
22 Q Yes.
23 A Estimate to complete.
24 Yeah, so there was -- there was an
25 abundance of people involved in that, as well. I

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<p>1 was involved from offering up my input from my 2 group, and then reviewing some of the items that had 3 been compiled from other groups. But as far as 4 looking at the resources that were required to 5 produce an ETC, it's -- it's scores of people. 6 Q And, roughly, how much time, using scores 7 of people, would it take to develop a reliable ETC 8 for a project of this scope? 9 A Yeah. I don't recall the exact time frame 10 that we generated the ETC in. I can't recall. I 11 just don't have a recollection of that. 12 Q But would it be months' worth of work? 13 A Months, yes. 14 Q Based on your understanding, did the 15 schedules that were proposed for this project along 16 the way always reflect the best available 17 information about the project? 18 A Yes. 19 Q Based on your understanding, did the 20 estimates to complete along the way always reflect 21 the best available information, a point you 22 understood at the time? 23 A Yes. 24 Q I think Mr. Cox asked you some questions 25 about your involvement, whether you were involved in</p>	<p>1 Exhibit Number 2 for your deposition. Do you 2 recognize this? 3 A It's the bankruptcy filing, yes. 4 Q It's a -- it's a motion in the bankruptcy 5 filing to approve entry into interim assessment 6 agreements. 7 Do you recall Westinghouse entering into 8 interim assessment agreements with the owners of 9 Vogtle and VCS? 10 A Yes. 11 Q And if you could turn -- do you see the 12 page numbers at the top of the document? It's page 13 X of 41. 14 A Uh-huh. 15 Q If you could turn to page 13 of 41 for me, 16 please. 17 A (Witness complies with request.) 18 Q Now, this Exhibit Number 1 to the document 19 you're looking at now is an interim assessment 20 agreement, dated March 28, 2017, between SCE&G, 21 Santee Cooper, and Westinghouse Electric Company. 22 Do you see that at the top? 23 A Yes. 24 Q And the second paragraph underneath the 25 background, the second "whereas" clause says:</p>
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<p>1 providing information to SCE&G or the owners after 2 Westinghouse's bankruptcy filing. 3 Do you recall those questions? 4 A Yes. So after the March timeframe, right, 5 up until the end of July, when the project was shut 6 down? Uh-huh. 7 MR. KEEL: Can you mark this as 2. 8 - - - 9 (Motion of Debtors Pursuant to 10 11 U.S.C. § 105(a) For Entry of an Order 11 Approving Interim Assessment Agreements 12 marked Magnarelli Exhibit Number 2 for 13 identification.) 14 - - - 15 MR. KEEL: I have one more (handing). You 16 can feel free to take a minute, if you want. 17 MR. SCHALK: Yeah. I'll see what kind of 18 questions you have. 19 MR. KEEL: Sure. 20 MR. SCHALK: If we need to -- 21 MR. KEEL: If at any point you need to, no 22 problem. 23 BY MR. KEEL: 24 Q Mr. Allen -- or Magnarelli -- I 25 apologize -- I'm showing you what has been marked as</p>	<p>1 "Whereas in order to perform its obligations under 2 the EPC, the Debtors have entered into various 3 agreements with subcontractors and material and 4 equipment suppliers and other counterparties." 5 Do you see that? 6 A Yes. 7 Q Is that your understanding that 8 Westinghouse had contracted with various different 9 subcontractors and material suppliers for the V.C. 10 Summer project? 11 A Correct. 12 Q If you turn to the next page, at the 13 bottom, the very last line on page 14 of 41 says: 14 "Accordingly, the Parties, each intending to be 15 legally bound hereby, agree as follows." And then 16 there's a series of numbered paragraphs. 17 Do you see that, Mr. Magnarelli? 18 A Yes. 19 Q And I just want to direct your attention 20 to a couple of these paragraphs. 21 A Okay. 22 Q Turning to paragraph 4 on page 15, it 23 says: "During the Interim Assessment Period, the 24 V.C. Summer owners shall have the right to consult 25 with Fluor to determine which Subcontractors and/or</p>

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<p>1 Vendors are necessary to perform work on the V.C. 2 Summer Project during the Interim Assessment 3 Period." 4 Do you see that? 5 A Yes. 6 Q Is it your understanding that that is a 7 right that the owners did not have prior to entry of 8 this agreement? 9 MR. SCHALK: Object to form. 10 THE WITNESS: I don't think -- I don't 11 think they were ever prohibited from discussing 12 this with Fluor. So I have no knowledge of 13 that. 14 BY MR. KEEL: 15 Q Was it your understanding that SCE&G could 16 determine which subcontractors and vendors were 17 necessary for the project during the course of the 18 project? 19 MR. SCHALK: Form. 20 THE WITNESS: I have no knowledge what 21 SCE&G was thinking at the time, so... 22 BY MR. KEEL: 23 Q I'm not asking what they were thinking, 24 just: Was it your understanding that SCE&G could 25 dictate which subcontractors were necessary or</p>	<p>1 A Yes. 2 Q Okay. And I'm paraphrasing, but in 3 general, a lot of these categories refer to the 4 specifics of agreements with subcontractors and 5 vendors for the project. 6 Do you see that? 7 MR. SCHALK: Take the time to read it. 8 THE WITNESS: (Witness complies with 9 request.) Yes. 10 BY MR. KEEL: 11 Q Now, is it your -- do you know one way or 12 the other whether SCE&G had a right to access this 13 list of information prior to entry of this interim 14 assessment agreement? 15 MR. SCHALK: Form. 16 THE WITNESS: I mean, there's a lot of 17 stuff here that I can't answer for sure yes or 18 no, that SCE&G had access to it or not. 19 BY MR. KEEL: 20 Q Was it common practice during the course 21 of the project, prior to the bankruptcy, to provide 22 this type of information to the owners? 23 MR. SCHALK: Form; asked and answered. 24 THE WITNESS: All right. So in my 25 estimation, all of this was provided in our</p>
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<p>1 not -- 2 MR. SCHALK: Form. 3 BY MR. KEEL: 4 Q -- during the course of the project? 5 A That was not my understanding, but I 6 believe they could object to somebody that was 7 proposed by the constructor. 8 Q Okay. And then if you turn to page 19 of 9 41, there's a paragraph 15 at the bottom. 10 A Uh-huh. Yes. 11 Q It says: "During the Interim Assessment 12 Period, the Debtors shall use commercially 13 reasonable efforts to provide information as 14 reasonably requested by the V.C. Summer Owners as is 15 necessary to perform the EPC, investigate the 16 completion status of the V.C. Summer Project, and 17 the financing and/or funding of the V.C. Summer 18 Project, including but not limited to the 19 following." 20 And then there's a list of the specific 21 types of information that the debtors were required 22 to make reasonable efforts to make available to the 23 owners. Do you see that? 24 A Uh-huh. 25 Q Yes?</p>	<p>1 reporting requirements to SCE&G on a -- it 2 could have been on a monthly basis, at a 3 minimum. 4 So we would have had, you know -- you 5 probably wouldn't have seen the contracts 6 per se for some of the fixed price aspects 7 prior to. But, I mean, we could -- we'd be 8 discussing each one of these bullets in detail 9 about what was provided and what wasn't. 10 So I really can't answer in a blanket 11 statement one way or the other. 12 BY MR. KEEL: 13 Q Sure. And I understand the consortium 14 provided monthly updates on the status of the 15 project and provided various information to the 16 owners. I'm asking for some of these specific 17 categories, like copies of all contracts with 18 subcontractors, access to accounting related to 19 subcontractors and vendors. In those specific 20 things, were those the type of information reported 21 to the owners during the course of the project? 22 MR. SCHALK: Form. And just to be clear, 23 you're asking on just those two -- two 24 examples? 25 MR. KEEL: Yes.</p>

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<p style="text-align: right;">Page 128</p> <p>1 THE WITNESS: I can't answer for all cases</p> <p>2 on these.</p> <p>3 BY MR. KEEL:</p> <p>4 Q That's fine. I'm only asking what you</p> <p>5 know.</p> <p>6 A Right.</p> <p>7 Q One other question. The second bullet</p> <p>8 point down on that list says: "Information</p> <p>9 presented by Fluor regarding EPC cost at completion</p> <p>10 and any project schedule documentation."</p> <p>11 Do you see that?</p> <p>12 A Yes.</p> <p>13 Q Are you aware of Fluor doing an EPC cost</p> <p>14 at completion prior to March 29th, 2017?</p> <p>15 A Well, they would have provided a cost</p> <p>16 estimate, you know, based on, you know, projected</p> <p>17 hours worked; so their cost estimate would have been</p> <p>18 based on that. And that information, from a direct</p> <p>19 dollar standpoint, would have probably -- that, I</p> <p>20 believe, was related to SCANA.</p> <p>21 But as far as all across the board,</p> <p>22 subcontractors and vendors, and more than just</p> <p>23 Fluor, I can't answer that.</p> <p>24 Q Do you know when Fluor put together an EPC</p> <p>25 cost at completion?</p>	<p style="text-align: right;">Page 130</p> <p>1 Q Were you aware of any agreement between</p> <p>2 the consortium and the owners regarding Bechtel's</p> <p>3 work?</p> <p>4 A I believe we had something in place that</p> <p>5 allowed us to provide support to Bechtel for the</p> <p>6 assessment. I can't say definitively that there was</p> <p>7 something, but I know that we had to have protocol</p> <p>8 and working rules for us to provide support for</p> <p>9 them.</p> <p>10 Q But do you recall ever seeing that</p> <p>11 document, that agreement between the owners and the</p> <p>12 consortium regarding Bechtel's work?</p> <p>13 MR. SCHALK: Form.</p> <p>14 THE WITNESS: It's fuzzy. No, I -- I</p> <p>15 can't really state definitively.</p> <p>16 BY MR. KEEL:</p> <p>17 Q And I believe your testimony -- and</p> <p>18 correct me if I'm wrong -- was that you don't have</p> <p>19 any personal knowledge about what Bechtel's scope of</p> <p>20 work was; is that fair?</p> <p>21 A Correct.</p> <p>22 Q And you have no personal knowledge about</p> <p>23 what Bechtel did for their assessment of the</p> <p>24 project?</p> <p>25 A Correct.</p>
<p style="text-align: right;">Page 129</p> <p>1 A They would have supplied that</p> <p>2 information -- they would have supplied that</p> <p>3 information as part of the ETC generation from</p> <p>4 Westinghouse. So we had the Westinghouse portion of</p> <p>5 the ETC, and then the Fluor portion of the ETC.</p> <p>6 Q And do you know, roughly, when that</p> <p>7 occurred?</p> <p>8 A During the ETC preparation and completion,</p> <p>9 which was -- I can't recall the month it was</p> <p>10 completed.</p> <p>11 Q Sometime in -- would it be fall of 2016?</p> <p>12 A I can't remember. I can't remember.</p> <p>13 Q It would have been in 2016, though?</p> <p>14 A That's my belief, yes.</p> <p>15 Q You were asked by Mr. Cox a few</p> <p>16 questions -- you can set that aside. I don't have</p> <p>17 any more questions on that.</p> <p>18 A Okay.</p> <p>19 Q Mr. Cox asked you various questions about</p> <p>20 Bechtel. Do you recall those questions?</p> <p>21 A Uh-huh.</p> <p>22 Q And I believe it was your testimony that</p> <p>23 you never saw any written engagement document for</p> <p>24 Bechtel work; is that fair?</p> <p>25 A Correct.</p>	<p style="text-align: right;">Page 131</p> <p>1 Q And you have no personal knowledge about</p> <p>2 what Bechtel's conclusions were; is that correct?</p> <p>3 A Well, I read the report when it became</p> <p>4 public, so...</p> <p>5 Q Prior to the public release of the report.</p> <p>6 A Right.</p> <p>7 MR. KEEL: If I could just have five</p> <p>8 minutes, and I'll wrap up.</p> <p>9 MR. SCHALK: Sure.</p> <p>10 THE VIDEOGRAPHER: The time is 11:54 a.m.</p> <p>11 We are off the record.</p> <p>12 (Recess in the proceedings from 11:54</p> <p>13 to 12:04.)</p> <p>14 THE VIDEOGRAPHER: The time is 12:04 p.m.</p> <p>15 We are back on the record. Please proceed.</p> <p>16 BY MR. KEEL:</p> <p>17 Q Mr. Magnarelli, I just have a couple</p> <p>18 questions left for you.</p> <p>19 I believe you testified, in response to</p> <p>20 Mr. Cox's questioning, that you believe that SCE&G</p> <p>21 did what it had to do to manage this project. Do</p> <p>22 you recall that?</p> <p>23 A Right. I think my words were that, you</p> <p>24 know, SCE&G had their own plan on how to manage the</p> <p>25 project, so yes.</p>

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<p>1 Q Okay. Is it -- based on your testimony</p> <p>2 here today, is it fair to say that you don't blame</p> <p>3 SCE&G for the failure of this project?</p> <p>4 MR. SCHALK: Form.</p> <p>5 MR. COX: Object to the form.</p> <p>6 THE WITNESS: I -- I think there's enough</p> <p>7 to go around, that all parties have contributed</p> <p>8 to the overall demise of the project. So</p> <p>9 that's just my personal opinion.</p> <p>10 BY MR. KEEL:</p> <p>11 Q And that would include Westinghouse?</p> <p>12 MR. SCHALK: Form.</p> <p>13 THE WITNESS: Westinghouse could have done</p> <p>14 some things better, yes.</p> <p>15 BY MR. KEEL:</p> <p>16 Q Based on your experience on the project,</p> <p>17 do you believe that the parties involved acted in</p> <p>18 good faith in an effort to make this project a</p> <p>19 success?</p> <p>20 A Yes, I thought everybody was working</p> <p>21 toward a common goal to get the project built.</p> <p>22 Q And that was throughout the time --</p> <p>23 throughout the time of the project; is that fair?</p> <p>24 A Correct.</p> <p>25 MR. KEEL: I don't have any other</p>	<p>1 BY MR. COX:</p> <p>2 Q Did Mr. Churchman tell you what the --</p> <p>3 what was being assessed on the project by Bechtel?</p> <p>4 MR. SCHALK: Asked and answered.</p> <p>5 MR. KEEL: Same.</p> <p>6 THE WITNESS: No. What we had was an</p> <p>7 agreement to support Bechtel in their efforts</p> <p>8 to conduct an assessment. Okay. We didn't</p> <p>9 know what the details of the assessment that</p> <p>10 they were to conduct were.</p> <p>11 MR. COX: Understood.</p> <p>12 Okay. No further questions. Thank you,</p> <p>13 Mr. Magnarelli.</p> <p>14 MR. SCHALK: This is Mike Schalk. We are</p> <p>15 going to make a request to hold this transcript</p> <p>16 as confidential under the order that's involved</p> <p>17 in this case.</p> <p>18 MR. COX: The whole transcript?</p> <p>19 MR. SCHALK: Yes, Mr. Magnarelli's</p> <p>20 testimony.</p> <p>21 MR. COX: Will you be reviewing it later</p> <p>22 to identify specific portions that are</p> <p>23 confidential?</p> <p>24 MR. SCHALK: Yes.</p> <p>25 MR. COX: Do you know when you will finish</p>
Page 133	Page 135
<p>1 questions. Thank you for your time this</p> <p>2 morning.</p> <p>3 - - -</p> <p>4 EXAMINATION</p> <p>5 - - -</p> <p>6 BY MR. COX:</p> <p>7 Q Mr. Magnarelli, I just had a couple</p> <p>8 follow-up questions.</p> <p>9 Did you personally invite the ORS to the</p> <p>10 monthly progress review meetings?</p> <p>11 A I didn't personally invite. My</p> <p>12 recollection is that they had attended several of</p> <p>13 the meetings, and I thought they were on the invite</p> <p>14 list. We didn't send out the invite list. It was</p> <p>15 controlled by SCANA.</p> <p>16 Q Okay. And regarding the scope of the</p> <p>17 Bechtel assessment, were you told by Mr. Churchman</p> <p>18 that part of the purpose of the Bechtel assessment</p> <p>19 was to assess the schedule?</p> <p>20 MR. KEEL: Object to the form; asked and</p> <p>21 answered.</p> <p>22 THE WITNESS: No. I didn't know what</p> <p>23 Bechtel was there to perform an assessment on,</p> <p>24 so we weren't privy to what the contract</p> <p>25 requirements were between Bechtel and SCANA.</p>	<p>1 that?</p> <p>2 MR. SCHALK: No. We'll communicate with</p> <p>3 you.</p> <p>4 THE VIDEOGRAPHER: Are there any further</p> <p>5 questions?</p> <p>6 Hearing nothing further, this concludes</p> <p>7 the deposition. The time is 12:08 p.m. We are</p> <p>8 off the record.</p> <p>9 - - -</p> <p>10 (Witness excused.)</p> <p>11 - - -</p> <p>12 (Deposition was concluded at 12:08 p.m.)</p> <p>13 - - -</p>

Daniel Magnarelli

1 SIGNATURE OF DEPONENT

2 I, the undersigned, DANIEL MAGNARELLI, do
3 hereby certify that I have read the foregoing
4 deposition transcript and find it to be a true and
5 accurate transcription of my testimony, with the
6 following corrections, if any:

7 PAGE LINE CHANGE

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24 DATE

DANIEL MAGNARELLI

25

CERTIFICATE OF REPORTER

I, Cynthia First, Registered Professional Reporter, do hereby certify:

That the foregoing deposition was taken before me on the date and at the time and location stated on page 1 of this transcript; that the deponent was duly sworn to testify to the truth, the whole truth and nothing but the truth; that the testimony of the deponent and all objections made at the time of the examination were recorded stenographically by me and were thereafter transcribed; that the foregoing deposition as typed is a true, accurate and complete record of the testimony of the deponent and of all objections made at the time of the examination to the best of my ability.

I further certify that I am neither related to nor counsel for any party to the cause pending or interested in the events thereof.

CYNTHIA FIRST
Registered Professional Reporter
Certified Realtime Reporter